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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

PRESIDIO COMPONENTS, INC.,
Plaintiff,
v.
AMERICAN TECHNICAL CERAMICS
CORP.,
Defendant.

Case No.: 14-cv-02061-H-BGS

ORDER:

**(1) DENYING DEFENDANT’S
MOTIONS FOR JUDGMENT AS A
MATTER OF LAW AND FOR A
NEW TRIAL;**

[Doc. Nos. 399, 400, 402.]

**(2) GRANTING PLAINTIFF’S
MOTION FOR A PERMANENT
INJUNCTION;**

[Doc. No. 373.]

**(3) DENYING PLAINTIFF’S
MOTION FOR ENHANCED
DAMAGES AND ATTORNEY’S
FEES; AND**

[Doc. No. 377.]

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**(4) GRANTING PLAINTIFF'S
MOTION FOR SUPPLEMENTAL
DAMAGES AND INTEREST**

[Doc. No. 372.]

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On June 22, 2016, Plaintiff Presidio Components, Inc. filed (1) a motion for a permanent injunction; (2) a motion for enhanced damages and attorney's fees; and (3) a motion for supplemental damages and interest. (Doc. Nos. 372, 373, 377.) On July 13, 2016, Defendant American Technical Ceramics Corp. filed its responses in opposition to Presidio's three motions. (Doc. Nos. 391, 393, 394.) On July 20, 2016, Presidio filed its replies in support of its motions. (Doc. Nos. 412, 414, 415.)

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On July 15, 2016, ATC filed (1) a motion for judgment as a matter of law and new trial of no infringement; (2) a motion for judgment as a matter of law and new trial of no willfulness and no induced infringement; and (3) a motion for judgment as a matter of law and new trial of no lost profits. (Doc. Nos. 399, 400, 402.) On July 29, 2016, Presidio filed its responses in opposition to ATC's three motions. (Doc. Nos. 423, 424, 426.) On August 5, 2016, ATC filed its replies in support of its motions. (Doc. Nos. 432, 433, 434.)

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The Court held a hearing on the matters on August 17, 2016. Gregory Ahrens and Brett Schatz appeared for Presidio. Peter Snell and Ronald Cahill appeared for ATC. For the reasons below, the Court: (1) denies ATC's motions for judgment as a matter of law and new trial; (2) grants Presidio's motion for a permanent injunction; (3) denies Presidio's motion for enhanced damages and attorney's fees; and (4) grants Presidio's motion for supplemental damages and interest.

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1 **Background**

2 On September 2, 2014, Presidio filed a complaint for patent infringement against
3 ATC, alleging infringement of U.S. Patent No. 6,816,356 (“the ’356 patent”). (Doc. No.
4 1, Compl.) The ’356 patent is entitled “Integrated Broadband Ceramic Capacitor Array.”
5 U.S. Patent No. 6,816,356 B2, at 1:1-2 (filed Apr. 14, 2003). The patent issued on
6 November 9, 2004 and claimed priority to an application filed on May 17, 2002. See id.
7 (See Doc. No. 276-3 ¶ 4; Doc. No. 356-1 at 5.)

8 A capacitor is a passive electrical component that stores and releases energy and is
9 used in a variety of electrical devices. Presidio Components, Inc. v. American Technical
10 Ceramics Corp., 702 F.3d 1351, 1355 (Fed. Cir. 2012). Generally, a capacitor comprises
11 two parallel metal plates separated by a non-conductive material such as ceramic or air,
12 known as a dielectric. Id. When a capacitor is connected to a power source, electricity
13 passes through the metal plates, but not the dielectric, causing a positive charge to
14 accumulate on one plate and a negative charge on the other. Id. “The capacitor may release
15 this stored energy by connecting the two plates through a conductive path that closes the
16 circuit.” Id. “The amount of energy a capacitor can store is its ‘capacitance.’” Id.

17 Multiple capacitors may be combined to create a “multilayer capacitor.” Id. A
18 multilayer capacitor is made of several layers of conductive and non-conductive materials
19 stacked together. Id. Each layer in the multilayer capacitor has its own electrical properties
20 affecting the overall performance of the capacitor. Id.

21 The ’356 patent claims a multilayer capacitor design and teaches a multilayer
22 integrated network of capacitors electrically connected in series and in parallel. Id.;
23 Presidio Components, Inc. v. American Technical Ceramics Corp., 723 F. Supp. 2d 1284,
24 1289 (S.D. Cal. 2010), vacated on other grounds, 702 F.3d 1351 (Fed. Cir. 2012). This
25 network of capacitors is disposed within a “substantially monolithic dielectric body,” as
26 shown below in Figure 10A. Presidio, 702 F.3d at 1355. The claimed multilayer capacitor
27 creates capacitance between internal parallel plate combinations 10 and 11 while
28 simultaneously creating fringe-effect capacitance between external contacts 72 and 74. Id.

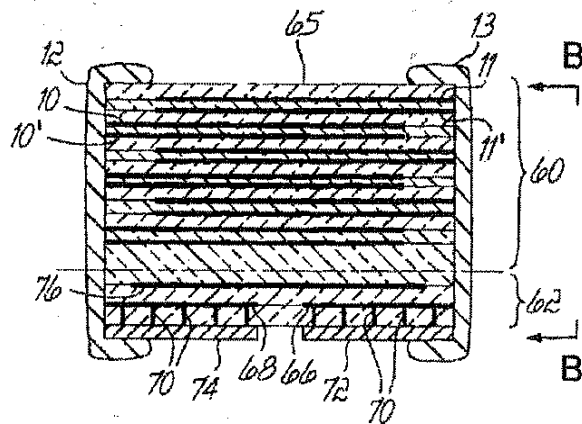


FIG. 10A

On December 8, 2015, the United States Patent and Trademark Office issued a reexamination certificate for the '356 patent, amending certain claims of the patent.¹ (Doc. No. 170-2, FAC Ex. 2.) Amended claim 1 of the '356 patent, the only independent claim asserted by Presidio in this action, is as follows:

1. A capacitor comprising:
 - a substantially monolithic dielectric body;
 - a conductive first plate disposed within the dielectric body;
 - a conductive second plate disposed within the dielectric body and forming a capacitor with the first plate;
 - a conductive first contact disposed externally on the dielectric body and electrically connected to the first plate; and
 - a conductive second contact disposed externally on the dielectric body and electrically connected to the second plate, and the second contact being located sufficiently close to the first contact in an edge to edge relationship in such proximity as to form a first fringe-effect capacitance with the first contact that is capable of being determined by measurement in terms of a standard unit.

¹ The PTO previously issued a reexamination certificate for the '356 patent on September 13, 2011. (Doc. No. 170-1, FAC Ex. 1.) This reexamination certificate did not alter any of the claims at issue in the present action. (*Id.*)

1 U.S. Patent No. 6,816,356 C2, at 1:23-36 (Reexamination Certificate filed Dec. 8, 2015)
2 (emphasis removed from original). The claims in the reexamination certificate were
3 amended in order to overcome a final rejection by the PTO examiner, rejecting the claims
4 at issue as anticipated by the AVX MLC Catalog reference, and in the alternative, as
5 obvious over the AVX MLC Catalog reference in view of the Ceramic Capacitor
6 Technology reference. (See Doc. No. 212-2, Slonim Decl. Exs. 1, 2, 8, 11.)

7 On December 22, 2015, Presidio filed a first amended complaint, alleging
8 infringement of the '356 patent as amended by the reexamination certificate. (Doc. No.
9 170, FAC.) Specifically, Presidio alleged that ATC's 550 line of capacitors infringes
10 claims 1, 3, 5, 16, 18, and 19 of the '356 patent. (Id. ¶ 26.) On December 22, 2015, ATC
11 filed a second amended answer and counterclaims to the first amended complaint, adding
12 an affirmative defense of absolute and equitable intervening rights and an affirmative
13 defense and counterclaim of unenforceability due to inequitable conduct. (Doc. No. 171.)

14 On January 12, 2016, the Court denied Presidio's motions for: (1) summary
15 judgment of definiteness; (2) summary judgment of infringement; (3) summary judgment
16 of ATC's equitable affirmative defenses; and (4) summary judgment of no acceptable non-
17 infringing alternatives. (Doc. No. 210.) In the order, the Court also denied ATC's motions
18 for: (1) partial summary judgment of non-infringement; (2) summary judgment of
19 indefiniteness; and (3) summary judgment of no willful infringement. (Id.) On February
20 10, 2016, the Court granted ATC's motion for summary judgment of its affirmative defense
21 of absolute intervening rights and held that Presidio is entitled to infringement damages
22 only for the time period following the issuance of the reexamination certificate on
23 December 8, 2015. (Doc. No. 234 at 28.) In that order, the Court also dismissed with
24 prejudice ATC's affirmative defense and counterclaim that the '356 patent is unenforceable
25 due to inequitable conduct. (Id. at 33.)

26 The Court held a jury trial beginning on April 5, 2016. (Doc. No. 297.) During the
27 trial, on April 8, 2016, ATC filed a motion for judgment as a matter of law pursuant to
28 Federal Rule of Civil Procedure 50(a). (Doc. No. 307.) On April 18, 2016, the jury

1 returned a verdict finding direct infringement and induced infringement of claims 1, 3, 5,
2 16, 18, and 19 of the '356 patent by ATC as to all of the accused products in the action: the
3 550L, the 550S, the 550U, and the 550Z capacitors. (Doc. No. 328 at 2-3.) In addition,
4 the jury found that Presidio had proven by clear and convincing evidence that ATC's
5 infringement of the asserted claims was willful. (Id. at 4.) The jury awarded Presidio
6 \$2,166,654 in lost profit damages. (Id.) The jury also issued an advisory verdict as to
7 indefiniteness and found that ATC had failed to prove by clear and convincing evidence
8 that claim 1 of the '356 patent is indefinite.² (Id. at 5.)

9 On June 17, 2016, the Court issued a memorandum decision finding in favor of
10 Presidio and against ATC on all issues submitted to the Court, including indefiniteness,
11 equitable intervening rights, equitable estoppel, and laches. (Doc. No. 368.) On June 17,
12 2016, the Court entered judgment in favor of Presidio on all causes of action and awarded
13 Plaintiff \$2,166,654 in damages. (Doc. No. 369.)

14 By the present motions, ATC moves for judgment as a matter of law pursuant to
15 Federal Rule of Civil Procedure 50(b) or, in the alternative, for a new trial pursuant to Rule
16 59 on the following issues: (1) infringement; (2) induced infringement; (3) willful
17 infringement; and (4) lost profits. (Doc. Nos. 399, 400, 402.) Presidio moves for: (1) a
18 permanent injunction; (2) enhanced damages; (3) attorney's fees; (4) supplemental
19 damages; and (5) prejudgment and postjudgment interest. (Doc. Nos. 372, 373, 377.)

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26 ² The verdict form initially had the "Yes" box marked in response to question No. 6 "Has ATC
27 proved by clear and convincing evidence that claim 1 of the '356 patent is indefinite?" (Doc. No. 328 at
28 5.) During the reading of the verdict in open court, the jurors agreed that checking the "Yes" box in
response to question No. 6 was a clerical error and then amended the verdict form to reflect that the
"No" box should be checked. (See id.; Doc. No. 333 at 8-11.)

1 **Discussion**

2 **I. ATC’s Motions for Judgment as a Matter of Law and for a New Trial**

3 **A. Legal Standard for a Rule 50 Motion for Judgment as a Matter of Law**

4 In a patent case, a motion for judgment as a matter of law is governed by the regional
5 circuit, here the Ninth Circuit. InTouch Techs., Inc. v. VGO Commc’ns, Inc., 751 F.3d
6 1327, 1338 (Fed. Cir. 2014). Under Federal Rule of Civil Procedure 50, a court should
7 render judgment as a matter of law (“JMOL”) only when “a party has been fully heard on
8 an issue during a jury trial and the court finds that a reasonable jury would not have a
9 legally sufficient evidentiary basis to find for the party on that issue” Fed. R. Civ. P.
10 50(a)(1); see Reeves v. Sanderson Plumbing Prods., 530 U.S. 133, 149 (2000). In other
11 words, judgment as a matter of law is proper when “the evidence, construed in the light
12 most favorable to the nonmoving party, permits only one reasonable conclusion, and that
13 conclusion is contrary to the jury’s verdict.” Pavao v. Pagay, 307 F.3d 915, 918 (9th Cir.
14 2002); accord InTouch Techs., 751 F.3d at 1338; see also Hangarter v. Provident Life &
15 Accident Ins. Co., 373 F.3d 998, 1005 (9th Cir. 2004) (“JMOL should be granted only if
16 the verdict is ‘against the great weight of the evidence, or it is quite clear that the jury has
17 reached a seriously erroneous result.’”). In contrast, “[a] jury’s verdict must be upheld if
18 it is supported by substantial evidence, which is evidence adequate to support the jury’s
19 conclusion, even if it is also possible to draw a contrary conclusion.” Pavao, 307 F.3d at
20 918.

21 In deciding a motion for judgment as a matter of law, a court “must view all evidence
22 in the light most favorable to the nonmoving party, draw all reasonable inferences in the
23 favor of the non-mover, and disregard all evidence favorable to the moving party that the
24 jury is not required to believe.” Harper v. City of Los Angeles, 533 F.3d 1010, 1021 (9th
25 Cir. 2008); see Reeves, 530 U.S. at 150-51. A district court “may not make credibility
26 determinations or weigh the evidence.” Reeves, 530 U.S. at 150. “[T]he court must accept
27 the jury’s credibility findings consistent with the verdict’ . . . [and] ‘may not substitute its
28 view of the evidence for that of the jury.’” Winarto v. Toshiba Am. Elecs. Components,

1 Inc., 274 F.3d 1276, 1283 (9th Cir. 2001).

2 B. Legal Standard for a Rule 59 Motion for New Trial

3 In a patent case, a motion for a new trial is also governed by the law of the regional
4 circuit. InTouch Techs., 751 F.3d at 1338. Under Federal Rule of Civil Procedure 59(a),
5 a district court “may, on motion, grant a new trial on all or some of the issues—and to any
6 party— . . . after a jury trial, for any reason for which a new trial has heretofore been granted
7 in an action at law in federal court.” “Rule 59 does not specify the grounds on which a
8 motion for a new trial may be granted. Rather, the court is bound by those grounds that
9 have been historically recognized.” Molski v. M.J. Cable, Inc., 481 F.3d 724, 729 (9th Cir.
10 2007) (internal citations and quotation marks omitted). In the Ninth Circuit, “[t]he trial
11 court may grant a new trial only if the verdict is contrary to the clear weight of the evidence,
12 is based upon false or perjurious evidence, or to prevent a miscarriage of justice.” Id.; see
13 also Lucent Techs., Inc. v. Gateway, Inc., 580 F.3d 1301, 1309 (Fed. Cir. 2009) (“[A]
14 district court in the Ninth Circuit ‘may grant a new trial only if the verdict is against the
15 clear weight of the evidence.’”). “Unlike with a Rule 50 determination, [a] district court,
16 in considering a Rule 59 motion for new trial, is not required to view the trial evidence in
17 the light most favorable to the verdict. Instead, the district court can weigh the evidence
18 and assess the credibility of the witnesses.” Experience Hendrix L.L.C. v.
19 Hendrixlicensing.com Ltd, 762 F.3d 829, 842 (9th Cir. 2014). “[A] district court may not
20 grant a new trial simply because it would have arrived at a different verdict.” Wallace v.
21 City of San Diego, 479 F.3d 616, 630 (9th Cir. 2007).

22 “The grant of a new trial is ‘confided almost entirely to the exercise of discretion on
23 the part of the trial court.’” Murphy v. City of Long Beach, 914 F.2d 183, 186 (9th Cir.
24 1990) (quoting Allied Chem. Corp. v. Daiflon, Inc., 449 U.S. 33, 36 (1980)). On appeal,
25 the Ninth Circuit “afford[s] considerable deference to the district court’s new trial decision
26 and will not overturn the district court’s decision to grant a new trial absent an abuse of
27 discretion.” Experience Hendrix, 762 F.3d at 842. A district court’s “denial of a motion
28 for a new trial is reversible ‘only if the record contains no evidence in support of the

1 verdict’ or if the district court ‘made a mistake of law.’” E.E.O.C. v. Go Daddy Software,
2 Inc., 581 F.3d 951, 962 (9th Cir. 2009).

3 C. Infringement

4 ATC moves for judgment as a matter of law that its 550 capacitors do not infringe
5 claims 1, 3, 5, 16, 18, and 19 of the ’356 patent, or in the alternative, for a new trial on the
6 issue of infringement. (Doc. No. 399-1 at 25.) Under 35 U.S.C. § 271(a), “whoever
7 without authority makes, uses, offers to sell, or sells any patented invention, within the
8 United States . . . infringes the patent.” A patent infringement analysis proceeds in two
9 steps. Markman v. Westview Instruments, Inc., 52 F.3d 967, 976 (Fed. Cir. 1995), aff’d
10 517 U.S. 370. In the first step, the court construes the asserted claims as a matter of law.
11 See id. In the second step, the factfinder compares the claimed invention to the accused
12 device. Id.; see also Verizon Servs. Corp. v. Cox Fibernet Va., Inc., 602 F.3d 1325, 1340
13 (Fed. Cir. 2010) (“A determination of infringement is a question of fact . . .”).

14 “[A] patentee who files a complaint or counterclaim alleging patent infringement
15 bears the burden of proving that infringement.” Medtronic Inc. v. Boston Sci. Corp., 695
16 F.3d 1266, 1272 (Fed. Cir. 2012). “To prove literal infringement, the patentee must show
17 that the accused device contains every limitation in the asserted claims. If even one
18 limitation is missing or not met as claimed, there is no literal infringement.” Riles v. Shell
19 Exploration & Prod. Co., 298 F.3d 1302, 1308 (Fed. Cir. 2002); accord Uniloc USA, Inc.
20 v. Microsoft Corp., 632 F.3d 1292, 1301 (Fed. Cir. 2011).

21 ATC argues that it is entitled to judgment as a matter of law of no infringement
22 because Presidio, through its infringement expert, failed to prove that the high frequency
23 performance of the accused products is derived from the fringe-effect capacitance between
24 the capacitors’ external contacts rather than from the capacitors’ internal electrodes. (Doc.
25 No. 399-1 at 1-21.) In response, Presidio argues ATC’s contention is based on an improper
26 attempt to redefine the scope of the asserted claims of the ’356 patent. (Doc. No. 424 at 5-
27 9.) The Court agrees with Presidio.

28 In its motion, ATC argues that the asserted claims of the ’356 patent, as amended by

1 the December 8, 2015 reexamination certificate, require that the capacitor's high frequency
2 performance derive solely from the fringe-effect capacitance between the capacitor's
3 external contacts; "[h]igh frequency capacitors that derive their high-frequency
4 performance from internal structures of the capacitor do not infringe Presidio's '356
5 patent." (Doc. No. 399-1 at 1.) But the asserted claims have never been construed to
6 contain a limitation requiring that the fringe-effect capacitance between the external
7 contacts of the capacitor, and not the internal structures of the capacitor, affect the
8 capacitor's high frequency performance. Such a limitation is not contained in the plain
9 language of the asserted claims of the '356 patent as amended by the December 8, 2015
10 reexamination certificate. See '356 Patent at 13:26-28, 14:1-2, 14:9-16; '356 Patent Dec.
11 8, 2015 Reexamination Certificate at 1:23-2:9 ("the second contact being located
12 sufficiently close to the first contact in an edge to edge relationship in such proximity as to
13 form a first fringe-effect capacitance with the first contact that is capable of being
14 determined by measurement in terms of a standard unit"). Such a limitation is also not
15 contained in the Court's claim construction order. (See Doc. No. 103.) Such a limitation
16 was also not contained in ATC's proposed jury instruction regarding the Court's claim
17 constructions, (Doc. No. 296 at 19), or in the actual instructions that were provided to the
18 jury regarding the Court's claim constructions. (See Doc. No.327 (Court's Instruction No.
19 17).)

20 Further, in determining the scope of the amended claims when ruling on the parties'
21 cross-motions for summary judgment of ATC's absolute intervening rights defense, the
22 Court never found that such a limitation was present in the amended claims. (See Doc. No.
23 234.) Cf. R+L Carriers, Inc. v. Qualcomm, Inc., 801 F.3d 1346, 1350 (Fed. Cir. 2015)
24 (explaining that the determination of claim scope for an intervening rights analysis is "a
25 matter of claim construction"). In determining that that the amendments in the December
26 8, 2015 reexamination certificate narrowed the scope of the asserted claims, the Court
27 determined "that the scope of the asserted claims as amended by the December 8, 2015
28 reexamination certificate requires a fringe-effect capacitance that is actually measurable

1 such as in the manner shown in Figs. 21A and 21B of the '356 patent.” (Id. at 20.) A
2 fringe-effect capacitance that is negligible or merely theoretically present, i.e., a
3 capacitance that is merely derivable by using theoretical calculations or simulations, is
4 outside the scope of the amended claims. (Id.) Figures 21A and 21B of the '356 patent
5 are graphs representing the insertion loss of a capacitor. '356 Patent at 6:10-16.
6 Accordingly, the Court’s absolute intervening rights summary judgment order only holds
7 that the amended claims contain the limitation that the fringe-effect capacitance between
8 the external contacts be capable of being determined by measurement such as through
9 insertion loss measurements, and not merely by using theoretical calculations. The order
10 does not hold that the amended claims contain a limitation specifically requiring that the
11 fringe-effect capacitance between the external contacts of the capacitors, and not its
12 internal structures, affect the capacitor’s high frequency performance.³

13 ATC cannot seek a new claim construction post-trial. ATC did not request a
14 construction of the asserted claims containing the limitation that the fringe-effect
15 capacitance between the external contacts, not internal structures, affect the capacitor’s
16 high frequency performance in its claim construction briefing; at the claim construction
17 hearing; following the issuance of the December 8, 2015 reexamination certification; in its
18 motion for summary judgment on its defense of absolute intervening rights; through a
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20 ³ ATC notes that the prior court held that Presidio admitted that “‘insertion loss’ is ‘a property
21 critical to and very specific to high frequency performance.’” (Doc. No. 399-1 at 9 (citing Doc. No. 234
22 at 5 n.3); see also Doc. No. 432 at 8-9 (citing Doc. No. 235 at 26).) But ATC fails to further explain
23 how this admission necessitates its proposed construction. It does not follow that because insertion loss
24 is critical to high frequency performance and the claims require that the fringe-effect capacitance be
25 actually measurable such as through insertion loss testing, that the claims then must require that the
26 fringe-effect capacitance between the capacitor’s external contacts, and not internal structures, affect the
27 capacitor’s high frequency performance. At best, this means that if the fringe-effect capacitance is to be
28 measured through insertion loss testing, then it must have some effect on the capacitor’s high frequency
performance; not that the capacitor’s high frequency performance must only be derived from the fringe-
effect capacitance between the external contacts and not from any internal structures. Further, Presidio’s
infringement expert, Dr. Huebner, testified that although the accused products contain some internal
capacitances that help with high frequency performance, the highest frequency performance of the
capacitors is achieved by the fringe-effect capacitance. (Doc. No. 306, Trial Tr. Vol. III at 162-63; see
also id. at 27-29, 38-53, 57-63; Doc. No. 331, Trial Tr. Vol. V at 222.)

1 motion for clarification; in its proposed jury instructions; or its Rule 50(a) motion for
2 judgment as a matter of law. (See Doc. No. 93, 98, 104, 189, 212-1, 227, 296, 307.)
3 Therefore, ATC waived its argument that the claims should be construed to contain this
4 limitation, and ATC cannot raise this argument through post-trial motions. See Cordis
5 Corp. v. Boston Sci. Corp., 561 F.3d 1319, 1331 (Fed. Cir. 2009) (“[L]itigants waive their
6 right to present new claim construction disputes if they are raised for the first time after
7 trial.”); GPNE Corp. v. Apple Inc., 108 F. Supp. 3d 839, 850 (N.D. Cal. 2015)
8 (“[Plaintiff’s] two claim construction arguments were not raised at the Markman stage or
9 in briefing regarding the jury instructions. [Plaintiff] provides no citation to prior efforts
10 to raise the latter two arguments, and does not otherwise argue that it properly preserved
11 those arguments for post-trial consideration. The Court therefore concludes [plaintiff]’s
12 arguments with respect to the purpose of the invention and claim differentiation are waived.
13 A party may not raise new claim construction arguments for the first time in post-trial
14 briefing.” (citations omitted)). In sum, because the Court did not construe the asserted
15 claims to contain the specific limitation requiring that the fringe-effect capacitance between
16 the external contacts of the capacitor, not its internal structures, affect the capacitor’s high
17 frequency performance, the Court rejects ATC’s argument that it is entitled to judgment as
18 a matter of law on this issue.

19 ATC also argues that it is entitled to a new trial on the issue of infringement because
20 the Court admitted Dr. Huebner’s computer simulation evidence at trial over its objection.
21 (Doc. No. 399-1 at 21-25.) The Court rejects ATC’s request for a new trial on this issue.
22 The simulation testing evidence Dr. Huebner presented at trial was relevant to provide
23 background and context for his opinions and measurements. The evidence was admitted
24 to demonstrate that fringe-effect capacitance exists between the external contacts of the
25 550 capacitors. That the evidence was used for this purpose could not have confused the
26 jury because both Presidio’s and ATC’s experts agreed that fringe-effect capacitance is
27 well known and always exists between the external contacts of a capacitor. (Doc. No. 305,
28 Trial Tr. Vol. II at 261; Doc. No. 306, Trial Tr. Vol. III at 151; Doc. No. 331, Trial Tr. Vol.

1 V at 78.)

2 ATC also erroneously argues that it sought to introduce into evidence its own
3 computer simulations. (Doc. No. 399-1 at 24.) ATC was permitted to present its
4 simulation evidence to the jury at trial. At trial, ATC initially only sought to have the
5 exhibits at issue admitted as demonstratives, and the Court received them as demonstratives
6 over Presidio’s objections. (Doc. No. 331, Trial Tr. Vol. V at 50-52.) ATC later sought to
7 have the exhibits admitted as evidence, and Presidio objected to the exhibits pursuant to
8 Federal Rule of Evidence 403 on the grounds that they also contained inadmissible editorial
9 comments. (Id. at 69-70.) The Court sustained the objection. (Id.) Presidio stated that it
10 would be fine to admit the exhibits if the editorial comments were removed, but ATC never
11 sought to introduce the exhibits into evidence without the editorial comments. (Id. at 70.)
12 Further, ATC has failed to show that it was prejudiced by the Court’s refusal to admit the
13 exhibits into evidence. ATC states that the purpose of these exhibits was to show that non-
14 infringing capacitors have fringing field lines between their external contacts. (Doc. No.
15 399-1 at 24.) But this evidence then was cumulative of other evidence in the record because
16 both sides’ experts agreed that fringe-effect capacitance is well known and always exists
17 between the external contacts of a capacitor. (Doc. No. 305, Trial Tr. Vol. II at 261; Doc.
18 No. 306, Trial Tr. Vol. III at 151; Doc. No. 331, Trial Tr. Vol. V at 78.) Accordingly, the
19 Court rejects ATC’s argument that it is entitled to a new trial based on the computer
20 simulation evidence that was admitted at trial.⁴

21 The jury’s infringement verdict was supported by substantial evidence and not
22 against the clear weight of evidence. Presidio’s infringement expert provided testimony,
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24
25 ⁴ ATC also argues that it is entitled to a new trial because the Court allowed Presidio’s witnesses
26 to testify that the December 8, 2015 reexamination certificate did not change the scope of the asserted
27 claims. (Doc. No. 399-1 at 25 n.12; Doc. No. 432 at 14.) ATC has failed to explain how it was
28 prejudiced by this testimony. The Court instructed the jury as to the proper scope of the asserted claims
under the Court’s claim construction orders. (Doc. No. 327 (Court’s Instruction No. 17).) “A jury is
presumed to follow its instructions.” Weeks v. Angelone, 528 U.S. 225, 234 (2000).

1 supported by analysis and testing, explaining how the accused products satisfied all the
2 limitations in the asserted claims. (See Doc. No. 305, Trial Tr. Vol. II at 243-44, 249-65;
3 Doc. No. 306, Trial Tr. Vol. III at 1-80.) This testimony was more than adequate to allow
4 the jury to reach its finding of infringement. See, e.g., Martek Biosciences Corp. v.
5 Nutrinova, Inc., 579 F.3d 1363, 1373-74 (Fed. Cir. 2009). Because the jury’s infringement
6 verdict was supported by substantial evidence, it must be upheld. See Pavao, 307 F.3d at
7 918. Accordingly, the Court denies ATC’s motion for judgment as a matter of law of no
8 infringement, or in the alternative, for a new trial on the issue of infringement.

9 D. Induced Infringement

10 ATC moves for judgment as a matter of law of no induced infringement, or in the
11 alternative, for a new trial on the issue of induced infringement. (Doc. No. 400-1 at 22-
12 24.) ATC argues that the jury’s finding of active inducement was not supported by
13 substantial evidence. (Id.)

14 35 U.S.C. § 271(b) provides: “Whoever actively induces infringement of a patent
15 shall be liable as an infringer.” To prove inducement, the patentee must establish that “the
16 defendant knew of the patent and that ‘the induced acts constitute patent infringement.’”⁵
17 Commil USA, LLC v. Cisco Sys., Inc., 135 S. Ct. 1920, 1926 (2015). Intent can be shown
18 through circumstantial evidence. Vita-Mix Corp. v. Basic Holding, Inc., 581 F.3d 1317,
19 1328 (Fed. Cir. 2009). For example, evidence of active steps taken to encourage direct
20 infringement can be found in “‘advertising an infringing use or instructing how to engage
21 in an infringing use.’” Takeda Pharm. U.S.A., Inc. v. W.-Ward Pharm. Corp., 785 F.3d
22 625, 630-31 (Fed. Cir. 2015) (quoting Metro-Goldwyn-Mayer Studios Inc. v. Grokster,

23
24
25 ⁵ To prove inducement, the patentee must also establish direct infringement. See Lucent Techs.,
26 Inc. v. Gateway, Inc., 580 F.3d 1301, 1322 (Fed. Cir. 2009) (“[A] finding of inducement requires a
27 threshold finding of direct infringement—either a finding of specific instances of direct infringement or
28 a finding that the accused products necessarily infringe.”). As explained in the prior section, substantial
evidence supports the jury’s finding that the accused products directly infringe the asserted claims of the
'356 patent. See supra.

1 Ltd., 545 U.S. 913, 936 (2005)).

2 At trial, Presidio presented sufficient evidence to allow the jury to find that ATC
3 knew about of the '356 patent. One of ATC's engineers, who was involved in the design
4 of the accused products, testified that he was aware of the application that later issued as
5 the '356 patent and the '356 patent itself. (Doc. No. 305, Trial Tr. Vol. II at 48-49, 56-57,
6 81-83.)

7 Presidio also presented sufficient evidence to allow the jury to find that ATC knew
8 that the induced acts constituted patent infringement. ATC's design engineer testified that
9 he not only knew about the '356 patent, but also the results of the prior litigation. (Id. at
10 57.) Further, Presidio presented evidence showing that ATC actively promoted and sold
11 the 550 capacitors to its customers for use, and provided information related to the accused
12 products to its customers, such as data sheets. (Id. at 3, 112-13.) Presidio also presented
13 evidence showing that ATC promoted the 550 capacitors to its customers as a replacement
14 for the 545L capacitor – the capacitor that was found to infringe the '356 patent in the prior
15 action. (Id. at 56-57, 137-38, 153-54, 167-68.) This evidence was sufficient to support the
16 jury's finding of inducement.⁶ See Takeda, 785 F.3d at 630-31; see, e.g., i4i Ltd. P' ship v.
17 Microsoft Corp., 598 F.3d 831, 851-52 (Fed. Cir. 2010) (affirming the jury's finding of
18 inducement as supported by substantial evidence where the evidence in the record showed
19 that the defendant provided instructions that taught users to practice the accused product in
20 a manner the defendant knew would result in an infringing use).

21 ATC argues that there was insufficient evidence to establish its intent to induce
22 infringement of the '356 patent because by December 8, 2015 – the time when the relevant
23

24 ⁶ ATC argues that this evidence is insufficient to establish inducement because these actions
25 occurred prior to the claims being amended through the December 8, 2015 reexamination certificate and
26 during the period when ATC's sales were determined to be lawful under the Court's intervening rights
27 ruling. (Doc. No. 434 at 16.) ATC argues that until December 8, 2015, it knew that the '356 patent was
28 invalid and, thus, knew there could be no infringement and there was no corresponding intent to induce.
(Id.) This argument is foreclosed by the Supreme Court's recent decision in Commil. In Commil, the
Supreme Court held that "a belief as to invalidity cannot negate the scienter required for induced
infringement." 135 S. Ct. at 1929.

1 period of infringement began – ATC had an objectively reasonable non-infringement
2 defense. (Doc. No. 400-1 at 23-24.) To the extent ATC is arguing that an objectively
3 reasonable non-infringement defense negates a finding of inducement, the Federal Circuit
4 has recently rejected this contention. See Unwired Planet, LLC v. Apple Inc., No. 2015-
5 1725, 2016 WL 3947839, at *8 (Fed. Cir. July 22, 2016) (The Supreme Court’s cases on
6 inducement “require a showing of the accused infringer’s subjective knowledge as to the
7 underlying direct infringement. The district court’s reliance on the objective strength of
8 Apple’s non-infringement arguments as precluding a finding of induced or contributory
9 infringement was erroneous.”). Further, to the extent ATC is arguing that the non-
10 infringement defense it presented at trial was sufficient to allow the jury to find that it
11 lacked the requisite intent to induce infringement, this argument also fails as the jury was
12 not required to accept ATC’s evidence on this issue and was free to reject it. Cf. Harper,
13 533 F.3d at 1021 (explaining that in reviewing a motion for judgment as a matter of law,
14 the court must “disregard all evidence favorable to the moving party that the jury is not
15 required to believe”). Accordingly, the Court denies ATC’s motion for judgment as a
16 matter of law of no induced infringement, or in the alternative, for a new trial on the issue
17 of induced infringement.

18 E. Willful Infringement

19 ATC moves for judgment as a matter of law of no willful infringement, or in the
20 alternative, for a new trial on the issue of willful infringement. (Doc. No. 400-1 at 3-22.)
21 At the time the jury rendered its verdict, the Federal Circuit had held “that an award of
22 enhanced damages [under section 284] requires a showing of willful infringement.” In re
23 Seagate Tech., LLC, 497 F.3d 1360, 1368 (Fed. Cir. 2007) (en banc).

24 To establish willful infringement, the patentee has the burden of showing “by
25 clear and convincing evidence that the infringer acted despite an objectively
26 high likelihood that its actions constituted infringement of a valid patent.”
27 “The state of mind of the accused infringer is not relevant to this objective
28 inquiry.” Only if the patentee establishes this “threshold objective standard”
does the inquiry then move on to whether “this objectively-defined risk
(determined by the record developed in the infringement proceeding) was

1 either known or so obvious that it should have been known to the accused
2 infringer.”

3 Bard Peripheral Vascular, Inc. v. W.L. Gore & Associates, Inc., 776 F.3d 837, 844 (Fed.
4 Cir. 2015) (quoting Seagate, 497 F.3d at 1371). The Federal Circuit further held that the
5 objective prong of the willfulness test is to be decided by the Court as a matter of law;
6 while the subjective prong of the test is a question of fact. See Bard Peripheral Vascular,
7 Inc. v. W.L. Gore & Associates, Inc., 682 F.3d 1003, 1006-08 (Fed. Cir. 2012).

8 On June 13, 2016, the Supreme Court issued its decision in Halo Elecs., Inc. v. Pulse
9 Elecs., Inc., No. 14-1513, 579 U.S. __ (June 13, 2016). In Halo, the Supreme Court
10 rejected the Federal Circuit’s two-part test from Seagate for determining when a district
11 court may award enhanced damages as inconsistent with § 284. Id., slip op. at 1-2. The
12 Supreme Court explained that § 284 commits the award of enhanced damages to the
13 discretion of the district court. See id. at 8, 12-13, 15. The Supreme Court further
14 explained that the Seagate test is “unduly rigid” and “impermissibly encumbers” a
15 district court’s discretion, particularly its requirement that there must be a finding of
16 objective recklessness in every case before a district court may award enhanced damages.
17 Id. at 9. “The subjective willfulness of a patent infringer, intentional or knowing, may
18 warrant enhanced damages, without regard to whether his infringement was objectively
19 reckless.” Id. at 10. “Section 284 permits district courts to exercise their discretion in a
20 manner free from the inelastic constraints of the Seagate test.” Id. at 11.

21 ATC first argues that it is entitled to judgment as a matter of law on the issue of
22 willfulness because Halo commits the entire issue of enhanced damages to the district
23 court’s discretion and a separate factual finding of willfulness by a jury no longer exists
24 under the standard. (Doc. No. 400-1 at 3-8.) The Court has previously rejected this
25 argument, (Doc. No. 368 at 27), and this argument has also recently been rejected by the
26 Federal Circuit. In WBIP, LLC v. Kohler Co., the Federal Circuit held that Halo does not
27 change “the established law that the factual components of the willfulness question should
28 be resolved by the jury.” No. 2015-1038, 2016 WL 3902668, at *15 (Fed. Cir. July 19,

1 2016); see also id. at *15 n.13 (Halo “leaves in place our prior precedent that there is a
2 right to a jury trial on the willfulness question.”). ATC may disagree with the Federal
3 Circuit’s decision in WBIP. (Doc. No. 421 at 2; Doc. No. 434 at 4-5.) Nevertheless, WBIP
4 represents binding circuit law, and this Court must follow it.⁷ See Yong v. I.N.S., 208 F.3d
5 1116, 1119 n.2 (9th Cir. 2000) (“[O]nce a federal circuit court issues a decision, the district
6 courts within that circuit are bound to follow it.”). Accordingly, the Court rejects ATC’s
7 contention that it was an error for the Court to submit the issue of subjective willfulness to
8 the jury.

9 ATC also argues that the jury’s willfulness finding is invalid because there has been
10 no finding as to the objective reasonableness of ATC’s defenses. (Doc. No. 400-1 at 8-9;
11 Doc. No. 434 at 8-10.) ATC argues that objective reasonableness remains a factor in any
12 willfulness determination post-Halo. (Doc. No. 400-1 at 8.) This argument is also
13 foreclosed by the Federal Circuit’s recent decision in WBIP. In WBIP, the Federal Circuit
14 held that “[p]roof of an objectively reasonable litigation-inspired defense to infringement
15 is no longer a defense to willful infringement.” 2016 WL 3902668, at *15 (Fed. Cir. July
16 19, 2016); see also Halo, 136 S. Ct. at 1933 (“The subjective willfulness of a patent
17 infringer, intentional or knowing, may warrant enhanced damages, without regard to
18 whether his infringement was objectively reckless.”). Accordingly, the Court rejects
19 ATC’s contention that a jury must consider objective reasonableness when making a
20 willfulness determination.

21 ATC next argues that the jury’s willfulness finding should be vacated because the
22 court’s instructions on willfulness failed to properly reflect the standard set forth in Halo.

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25 ⁷ ATC characterizes the above statement from WBIP as dicta. (Doc. No. 421 at 2; Doc. No. 434 at
26 4.) The Court disagrees. The statement is not dicta because the panel’s determination that the factual
27 components of the willfulness question should still be decided by a jury was necessary to the panel’s
28 ultimate decision to affirm the district court’s enhanced damages award. See N.L.R.B. v. Int’l Bhd. of
Elec. Workers, Local 340, 481 U.S. 573, 592 n.15 (1987) (describing a statement in a prior case as dicta
because it “was unnecessary to the disposition” of the case); Exp. Grp. v. Reef Indus., Inc., 54 F.3d
1466, 1472 (9th Cir. 1995) (describing dicta as statements that are not “necessary to the decision”).

1 (Doc. No. 400-1 at 9-10; Doc. No. 434 at 5-7.) In support of this argument, ATC relies on
2 the following language from Halo: “Awards of enhanced damages . . . are not to be meted
3 out in a typical infringement case, but are instead designed as a ‘punitive’ or ‘vindictive’
4 sanction for egregious infringement behavior. The sort of conduct warranting enhanced
5 damages has been variously described in our cases as willful, wanton, malicious, bad-faith,
6 deliberate, consciously wrongful, flagrant, or—indeed—characteristic of a pirate.” Halo,
7 136 S. Ct. at 1932. But here, the Supreme Court is discussing the standard that a district
8 court should use when ultimately determining whether to exercise its discretion and award
9 enhanced damages, not the standard that should be used by the factfinder when making a
10 finding as to subjective willfulness. Accordingly, the Court rejects this argument.⁸

11 Finally, ATC argues that it is entitled to judgment as a matter of law as to willfulness
12 because there was insufficient evidence to support a finding of willfulness even under the
13 standard applied by the jury.⁹ (Doc. No. 400-1 at 10-22.) The Court disagrees. The jury’s
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15 ⁸ In its reply brief, ATC argues for the first time that jury’s willfulness finding was insufficient
16 because the jury was not asked to make specific factual findings by answering special interrogatories in
17 the verdict. (Doc. No. 434 at 7-8.) This argument is waived because ATC did not object to the verdict
18 form on this ground at trial. (See Doc. No. 331, Trial Tr. Vol. V at 245-57; Doc. No. 332, Trial Tr. Vol.
19 VI at 3-4.) This argument is also waived because ATC raised this argument for the first time in a reply
20 brief. See Bazuaye v. I.N.S., 79 F.3d 118, 120 (9th Cir. 1996) (“Issues raised for the first time in the
21 reply brief are waived.”); accord Novosteel SA v. U.S., Bethlehem Steel Corp., 284 F.3d 1261, 1274
22 (Fed. Cir. 2002).

23 ⁹ The Court provided the following jury instruction as to willful infringement:

24 In this case, Presidio also argues that ATC willfully infringed Presidio the ’356
25 patent.

26 To prove willful infringement against ATC, Presidio must first persuade you that
27 ATC infringed a valid and enforceable claim of Presidio’s asserted patent. The
28 requirements for proving such infringement were discussed in my prior instructions. In
addition, to prove willful infringement, Presidio must persuade you by clear and
convincing evidence that on or after December 8, 2015, ATC acted with reckless
disregard of the claims of the patent holder’s patent. When a party has the burden of
proving something by clear and convincing evidence, it means you must be persuaded by
the evidence that the claim or defense is highly probable. This is a higher standard of
proof than proof by a preponderance of the evidence.

1 willfulness finding was supported by substantial evidence. One of ATC’s engineers who
2 was involved in the design of the accused products, testified that he was aware of the
3 application that later issued as the ’356 patent and the ’356 patent itself. (Doc. No. 305,
4 Trial Tr. Vol. II at 48-49, 56-57, 81-83; see also Doc. No. 426-6, Ex. F (Trial Ex. 44); Doc.
5 No. 426-7, Ex. G (Trial Ex. 46); Doc. No. 426-9, Ex. I (Trial Ex. 189).) The engineer
6 testified that he not only knew about the ’356 patent, but also the results of the prior
7 litigation. (Doc. No. 305, Trial Tr. Vol. II at 57.) Further, Presidio presented evidence
8 showing that ATC promoted the 550 capacitors to its customers as a replacement for the
9 545L capacitor – the capacitor that was found to infringe the ’356 patent in the prior
10 lawsuit. (Id. at 56-57, 137-38, 153-54, 167-68.)¹⁰ Presidio also presented evidence
11

12 To demonstrate such “reckless disregard,” Presidio must persuade you that ATC
13 actually knew, or it was so obvious that ATC should have known, that its actions
14 constituted infringement of a valid patent. In deciding whether ATC acted with reckless
15 disregard for Presidio’s asserted patents, you should consider all of the facts surrounding
16 the alleged infringement including, but not limited to, the following factors:

- 17 1. Whether ATC acted in a manner consistent with the standards of commerce for
18 its industry;
- 19 2. Whether ATC intentionally copied a product of Presidio covered by the
20 patents;
- 21 3. Whether there is a reasonable basis to believe that ATC did not infringe or had
22 a reasonable defense to infringement, including a belief that the patent-in-suit is invalid;
- 23 4. Whether ATC made a good-faith effort to avoid infringing the patent, for
24 example, whether ATC attempted to design around the patent;
- 25 5. Whether ATC tried to cover up its alleged infringement.

26 (Doc. No. 327 at 35-36.)

27 ¹⁰ ATC argues that this evidence is irrelevant because it predates December 8, 2015 – the date on
28 which the relevant period of infringement began under the Court’s intervening rights ruling. (Doc. No.
400-1 at 10-11.) ATC argues that this evidence can only establish ATC’s knowledge during the non-
infringement period. (Id.) The Court disagrees. Evidence of what ATC knew prior to December 8,
2015 is relevant to what ATC knew after December 8, 2015. (Doc. No. 275 at 12-13.) Indeed, it is
generally reasonable to infer that if a person knows about something prior to a certain date, that person
retains that knowledge after that certain date.

1 showing that ATC was aware that the claims as amended had survived three PTO
2 reexamination proceedings that ATC itself had instituted. (Doc. No. 304, Trial Tr. Vol. I
3 at 143; Doc. No. 305, Trial Tr. Vol. II at 192.) This evidence was sufficient for the jury to
4 find that ATC acted with reckless disregard of the claims of the '356 patent.

5 ATC notes that its corporate secretary, Mr. Evan Slavitt, testified that as of
6 December 8, 2015 – the date infringement began – he had reason to believe, based on the
7 expert reports and pleadings in the case, that ATC was not infringing the '356 patent. (Doc.
8 No. 400-1 (citing Doc. No. 330, Trial Tr. Vol. IV at 216-17; Doc. No. 331, Trial Tr. Vol.
9 V at 1-2).) But the jury was not required to credit this testimony. Cf. Harper, 533 F.3d at
10 1021 (explaining that in reviewing a motion for judgment as a matter of law, the court must
11 “disregard all evidence favorable to the moving party that the jury is not required to
12 believe”). In addition, the Court notes that the jury found willful infringement by clear and
13 convincing evidence – a higher burden of proof than is required after Halo. See 136 S. Ct.
14 at 1934. Accordingly, the jury’s willfulness finding was supported by substantial evidence
15 and was also not against the clear weight of evidence.

16 Moreover, the Court notes that ATC’s motion on this issue is essentially moot
17 because the Court, exercising its sound discretion, ultimately declines to award Presidio
18 enhanced damages despite the jury’s finding of willful infringement. See infra.
19 Accordingly, the Court denies ATC’s motion for judgment as a matter of law of no willful
20 infringement, or in the alternative, for a new trial on the issue of willful infringement.

21 F. Lost Profits

22 Presidio moves for judgment as a matter of law of no lost profits, or in the alternative,
23 for a new trial on lost profit damages on two grounds. First, ATC argues that Presidio
24 failed to establish that it was entitled to lost profit damages because it failed to prove the
25 absence of non-infringing alternatives. (Doc. No. 402-1 at 4-13.) Second, ATC argues
26 that Presidio failed to establish that it was entitled to lost profit damages because it failed
27 to properly apportion between the patented and unpatented features of the accused
28 products. (Id. at 13-19.) ATC further argues that because Presidio failed to prove that it

1 is entitled to lost profit damages, Presidio is only entitled to damages in the form of a
2 reasonable royalty of \$0.25 per capacitor. (Id. at 1, 4.)

3 35 U.S.C. § 284 provides: “Upon finding for the claimant the court shall award the
4 claimant damages adequate to compensate for the infringement, but in no event less than a
5 reasonable royalty for the use made of the invention by the infringer.” 35 U.S.C. § 284.
6 “The phrase ‘damages adequate to compensate’ means full compensation for any damages
7 the patent owner suffered as a result of the infringement. Full compensation includes any
8 foreseeable lost profits the patent owner can prove.” Grain Processing Corp. v. Am. Maize-
9 Products Co., 185 F.3d 1341, 1349 (Fed. Cir. 1999) (internal citations and quotation marks
10 omitted).

11 “To recover lost profits damages, the patentee must show a reasonable probability
12 that, ‘but for’ the infringement, it would have made the sales that were made by the
13 infringer.” Rite-Hite Corp. v. Kelley Co., 56 F.3d 1538, 1545 (Fed. Cir. 1995) (en banc);
14 accord Grain Processing, 185 F.3d at 1349 (“To recover lost profits, the patent owner must
15 show ‘causation in fact.’”). “A showing under the four-factor Panduit test establishes the
16 required causation.” Versata Software, Inc. v. SAP Am., Inc., 717 F.3d 1255, 1264 (Fed.
17 Cir. 2013) (citing Panduit Corp. v. Stahlin Bros. Fibre Works, Inc., 575 F.2d 1152, 1156
18 (6th Cir. 1978)). The four-factor Panduit test requires the patentee to show: “(1) demand
19 for the patented product; (2) absence of acceptable noninfringing substitutes; (3)
20 manufacturing and marketing capability to exploit the demand; and (4) the amount of profit
21 that would have been made.” Presidio Components, Inc. v. Am. Tech. Ceramics Corp.,
22 702 F.3d 1351, 1359–60 (Fed. Cir. 2012). “Causation of lost profits ‘is a classical jury
23 question.’” Versata, 717 F.3d at 1264.

24 i. Available Non-Infringing Alternatives

25 ATC argues that the jury’s finding as to the second prong of the Panduit test – that
26 there is an absence of acceptable noninfringing substitutes – was not supported by
27 substantial evidence. (Doc. No. 402-1 at 4.) Specifically, ATC argues that Presidio failed
28 to bear its burden of demonstrating that ATC’s 560L capacitor was not an available and

1 acceptable noninfringing product during the relevant infringement period. (Id. at 6.)

2 “[T]o be an acceptable non-infringing substitute, the product or process must have
3 been available or on the market at the time of infringement.” Grain Processing, 185 F.3d
4 at 1349 (emphasis removed). “[M]arket sales of an acceptable noninfringing substitute
5 often suffice alone to defeat a case for lost profits.” Id. at 1352. “[A]n available technology
6 not on the market during the infringement can constitute a noninfringing alternative.” Id.
7 at 1351. But, when the alleged alternative is not on the market during the accounting
8 period, a factfinder may reasonably infer that it was not available as a noninfringing
9 substitute, and the accused infringer bears the burden of overcoming this inference by
10 showing that the substitute was actually available during the accounting period. Id. at
11 1353; DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc., 567 F.3d 1314, 1331 (Fed.
12 Cir. 2009). Further, “the ‘[m]ere existence of a competing device does not make that device
13 an acceptable substitute.’” Presidio, 702 F.3d at 1361.

14 ATC argues that Presidio bears the burden of demonstrating that the 560L capacitor
15 is not an available noninfringing product because the 560L capacitor was on the market
16 during the relevant infringement period. (Doc. No. 402-1 at 6.) The evidence presented at
17 trial showed that ATC sold 88,000 560L capacitors during the relevant infringement
18 period. (Doc. No. 330, Trial Tr. Vol. IV at 25, 213; Doc. No. 331, Trial Tr. Vol. V at 152,
19 174.) But the evidence in the record showed that all of these sales were to a single
20 customer, (id.), and the product is not listed on ATC’s website. (Doc. No. 331, Trial Tr.
21 Vol. V at 167.) Presidio’s damages expert, Mr. Thomas, testified that these sales were
22 made on an as needed basis, and that the 560L capacitor was not widely advertised or
23 touted as a competitive product as to Presidio’s BB capacitor.¹¹ (Id. at 25-27, 29; Doc. No.

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25
26 ¹¹ ATC renews its contention that the Court should have excluded Mr. Thomas from testifying that
27 the 560L capacitor does not constitute an available noninfringing alternative. (Doc. No. 402-1 at 22-23;
28 see also Doc. No. 251 at 5-11.) The Court again rejects ATC’s contention that the Court should have
excluded this testimony. Mr. Thomas’s testimony was relevant to Presidio’s assertion of lost profit
damages, specifically Panduit factor two: “absence of acceptable noninfringing substitutes.” See
Siemens Med. Sols. USA, Inc. v. Saint-Gobain Ceramics & Plastics, Inc., 637 F.3d 1269, 1288 (Fed.

1 306, Trial Tr. Vol. III at 202-03.) ATC did not present any evidence disputing these
2 assertions. In addition, Mr. Lambert Devoe, Presidio’s product manager and CFO, testified
3 that he was unaware of the 560L capacitor and that no Presidio customer or sales
4 representative has ever mentioned the 560L capacitor to him. (Doc. No. Trial Tr. Vol. II
5 at 10-11.) ATC’s own witness testified that the 560 capacitors are not as good as the 550
6 capacitors. (Doc. No. 330, Trial Tr. Vol. IV at 211.) Further, in contrast to the 88,000
7 560L capacitors sold during the relevant period, ATC sold over a million 550 capacitors
8 during the relevant period. (See Doc. No. 330, Trial Tr. Vol. IV at 6.) This evidence in
9 the record was sufficient to allow the jury to find that the 560L was not an acceptable non-
10 infringing alternative.

11 ii. Apportionment

12 ATC argues that Presidio is not entitled to lost profit damages because it failed to
13 separate or apportion its damages between the patented and unpatented features of the
14 accused products in its lost profits calculation. (Doc. No. 402-1 at 17.) But ATC has failed
15 to show that an apportionment of the jury’s damages award is necessary or appropriate in
16 the present circumstances.

17 Here, the jury was instructed on apportionment¹² and lost profit damages, including

18 _____
19 Cir. 2011) (“To be ‘available,’ an acceptable noninfringing substitute must have been ‘available or on
20 the market’ at the time of infringement.”). Further, ATC’s challenges to Mr. Thomas’ testimony went to
21 the weight of the testimony and its credibility rather than the admissibility of his opinions. See Alaska
22 Rent-A-Car, Inc. v. Avis Budget Grp., Inc., 738 F.3d 960, 970 (9th Cir. 2013) (affirming the denial of a
23 motion to exclude where the movant’s challenges went to “the weight of the testimony and its
24 credibility, not its admissibility”).

23 ¹² The Court’s instruction on apportionment is as follows:

24 A damages award-either in the form of lost profits or a reasonable royalty should
25 compensate a patentee only for the inventive aspects of its patent. Therefore, if you find
26 that ATC infringed the ’356 patent, your damages award must reflect the value you find
27 attributable to that patent.

28 Where the accused products have patented and non-patented features, you may
consider an apportionment of the damages between the patented features and the
unpatented features, so that your award is based only on the value of the patented

1 the Panduit test. (Doc. No. 327 (Court’s Instructions Nos. 30-36, 40).) The jury found that
2 Presidio established that it should be awarded lost profit damages. (Doc. No. 328 at 4.)
3 Substantial evidence supports the jury’s finding as to the second prong of the Panduit test.
4 ATC does not challenge the jury’s findings as to the other prongs of the Panduit test. (See
5 also Doc. No. 306, Trial Tr. Vol. III at 190-208; Trial Tr. Vol. IV at 1-15 (Mr. Thomas’s
6 testimony regarding the four Panduit factors).) Under Federal Circuit law, “[a] showing
7 under the four-factor Panduit test establishes the required causation” for lost profit
8 damages. Versata, 717 F.3d at 1264; accord Rite-Hite, 56 F.3d at 1545 (“When the
9 patentee establishes the reasonableness of this inference, e.g., by satisfying the Panduit test,
10 it has sustained the burden of proving entitlement to lost profits due to the infringing
11 sales.”). Thus, by satisfying the Panduit test, Presidio met its burden of proving causation
12 and its entitlement to lost profits. See id. ATC fails to cite to any case holding that, after
13 a party has satisfied Panduit’s four-factor test and established entitlement to lost profits, a
14 further apportionment of those profits is required.¹³ Cf. Brocade Commc’ns Sys., Inc. v.
15 A10 Networks, Inc., No. C 10-3428 PSG, 2013 WL 10601009, at *2 n.12 (N.D. Cal. May
16 15, 2013) (noting that the Federal Circuit has suggested “that apportionment—at least as
17 consumer demand stands as a way of showing apportionment—is unnecessary under
18

19 technology in the Accused Products. On the other hand, if Presidio proves that the patent
20 covers the infringing product as a whole and that the lost profits it seeks are tied to the
21 intrinsic value of the patented features, you may award damages for lost profits
22 attributable to the value of the invention consistent with the Court’s instructions. Presidio
23 has the burden of proving damages by a preponderance of the evidence. If Presidio
24 proves infringement of a valid patent, you must award damages in no event less than a
25 reasonable royalty. Presidio bears the burden to establish a reasonable royalty
26 attributable to the patented features.

(Doc. No.327 (Court’s Instruction No. 40).) “A jury is presumed to follow its instructions.” Weeks,
528 U.S. at 234.

¹³ ATC cites to a Federal Circuit case generally holding that “‘apportionment is required even for
non-royalty forms of damages.’” (Doc. No. 402-1 at 15 (quoting Ericsson, Inc. v. D-Link Sys., Inc., 773
F.3d 1201, 1226 (Fed. Cir. 2014)). But Ericsson did not involve lost profit damages, and, importantly,
never holds, to extent there is an apportionment requirement for all forms of damages, satisfaction of the
Panduit test does not satisfy that requirement.

1 Panduit” (citing Versata, 717 F.3d at 1265 (“[T]he Panduit factors place no qualitative
2 requirement on the level of demand necessary to show lost profits.”))).

3 Further, the Federal Circuit has explained that apportionment principles do not apply
4 where the patentee shows that ““the patented feature creates the basis for customer demand
5 or substantially creates the value of the component parts.”” Virnetx, Inc. v. Cisco Sys.,
6 Inc., 767 F.3d 1308, 1326 (Fed. Cir. 2014). ATC itself contends that customers for
7 broadband capacitors seek bulk capacitance and low insertion loss at high frequencies and
8 those requirements are what drives customers to buy the accused products. (Doc. No. 433
9 at 11.) Dr. Huebner, testified that although the accused products contain some internal
10 capacitances that help with high frequency performance, the highest frequency
11 performance of the capacitors is achieved by the claimed fringe-effect capacitance. (Doc.
12 No. 306, Trial Tr. Vol. III at 162-63; see also id. at 27-29, 38-53, 57-63; Doc. No. 331,
13 Trial Tr. Vol. V at 222; Doc. No. 330, Trial Tr. Vol. IV at 32-33, 35-37.) Accordingly,
14 there was sufficient evidence in the record for the jury to find that the patented feature
15 creates the basis for customer demand or substantially creates the value of the accused
16 products.

17 Moreover, the Federal Circuit has held that apportionment principles do not apply
18 when the accused product is the smallest saleable unit, and the asserted claims “cover[] the
19 infringing product as a whole, not a single component of a multi-component product.”
20 AstraZeneca AB v. Apotex Corp., 782 F.3d 1324, 1338 (Fed. Cir. 2015); see Virnetx, Inc.
21 v. Cisco Sys., Inc., 767 F.3d 1308, 1326-27 (Fed. Cir. 2014). ATC does not dispute
22 Presidio’s assertion that the 550 capacitors are the smallest saleable units, (see Doc. No.
23 433 at 9), and there was substantial evidence supporting the jury’s finding that the asserted
24 claims of the ’356 patent cover the accused products as a whole. The asserted claims cover
25 an entire multilayer capacitor, and the accused products are multilayers capacitors.¹⁴ See
26 _____

27 ¹⁴ ATC argues that Presidio did not invent the multilayer capacitor. (Doc. No. 433 at 8.) This may
28 be true, but this fact is of no consequence. In AstraZeneca, the Federal Circuit found that apportionment
of the damages base at issue was not necessary because the claims covered the product as a whole – “the

1 '356 Patent at 13:26-28, 14:1-2, 14:9-16; '356 Patent Dec. 8, 2015 Reexamination
2 Certificate at 1:23-2:9. Presidio's infringement expert Dr. Huebner explained how the
3 components in the accused products satisfy the various limitations contained in the asserted
4 claims. (See Doc. No. 305, Trial Tr. Vol. II. at 243-44, 249-65; Doc. No. 306, Trial Tr.
5 Vol. III at 1-80.) ATC argues that the asserted claims do not cover all of the features of
6 the accused products because the accused products contain internal electrodes that have a
7 unique shape and follow the teachings in U.S. Patent No. 8,446,705. (Doc. No. 402-1 at
8 18-19.) But Dr. Huebner testified that the accused products' internal electrodes satisfy the
9 '356 patent's claim limitations of a "conductive first plate disposed within the dielectric
10 body" and a "conductive second plate disposed within the dielectric body and forming a
11 capacitor with the first plate." (Doc. No. 306, Trial Tr. Vol. III at 7-8, 13-14, 16, 18.)
12 Accordingly, there was sufficient evidence in the record for the jury to determine that the
13 asserted claims cover the accused products as a whole.

14 In sum, the Court rejects ATC's arguments that the jury's damages award cannot
15 stand because Presidio failed to properly apportion its requested damages. Cf. Virnetx,
16 767 F.3d at 1328 ("[W]e have never required absolute precision in [assigning value to the
17 patented feature]; on the contrary, it is well-understood that this process may involve some
18 degree of approximation and uncertainty."). Accordingly, the Court denies ATC's motion
19 for judgment as a matter of law of no lost profits, or in the alternative, for a new trial on
20 the issue of lost profit damages.

21 **II. Presidio's Motion for a Permanent Injunction**

22 Presidio moves for the entry of a permanent injunction, enjoining ATC from
23 marketing, selling, or offering to sell its 550 capacitors. (Doc. No. 373-1.) The Patent Act
24 provides a patentee with the "right to exclude others from making, using, offering for sale,
25 or selling the [patented] invention." 35 U.S.C. § 154(a)(1). "In furtherance of this right to
26

27 drug core, the enteric coating, and the subcoating." 782 F.3d at 1338. The Federal Circuit reached this
28 determination without also finding that AstraZeneca invented a drug core, enteric coating, or subcoating.
See id.

1 exclude, district courts ‘may grant injunctions in accordance with the principles of equity
2 to prevent the violation of any right secured by patent, on such terms as the court deems
3 reasonable.’” Apple Inc. v. Samsung Elecs. Co., 809 F.3d 633, 638 (Fed. Cir. 2015)
4 (quoting 35 U.S.C. § 283).

5 For a permanent injunction to issue, the party requesting an injunction must
6 demonstrate that: (1) it has suffered an irreparable injury; (2) legal remedies, such as money
7 damages, are inadequate to compensate for that injury; (3) the balance of hardships
8 warrants an injunction; and (4) the public interest would not be disserved by an injunction.
9 eBay Inc. v. MercExchange, LLC, 547 U.S. 388, 391 (2006). The Federal Circuit has
10 explained that “[t]his analysis proceeds with an eye to the ‘long tradition of equity practice’
11 granting ‘injunctive relief upon a finding of infringement in the vast majority of patent
12 cases.’” Presidio, 702 F.3d at 1362; see also Robert Bosch LLC v. Pylon Mfg. Corp., 659
13 F.3d 1142, 1149 (Fed. Cir. 2011) (“Although eBay abolishes our general rule that an
14 injunction normally will issue when a patent is found to have been valid and infringed, . .
15 . it does not follow that courts should entirely ignore the fundamental nature of patents as
16 property rights granting the owner the right to exclude.”). “The decision to grant or deny
17 permanent injunctive relief is an act of equitable discretion by the district court, reviewable
18 on appeal for abuse of discretion.” eBay, 547 U.S. at 391.

19 A. Irreparable Harm

20 “To satisfy the first eBay factor, the patentee must show that it is irreparably harmed
21 by the infringement.” Apple Inc. v. Samsung Elecs. Co., 809 F.3d 633, 639 (Fed. Cir.
22 2015). “[F]acts relating to the nature of the competition between the parties undoubtedly
23 are relevant to the irreparable harm inquiry.” Robert Bosch, 659 F.3d at 1150. ATC and
24 Presidio are direct competitors. ATC’s 550 capacitors directly compete with Presidio’s
25 BB capacitors.¹⁵ (Doc. No. 304, Trial Tr. Vol. I at 143-44; Doc. No. 305, Trial Tr. Vol. II
26

27 ¹⁵ The Court notes that in finding that Presidio established entitlement to lost profit damages
28 through the Panduit test, the jury necessarily found that ATC’s 550 capacitors directly compete with
Presidio’s BB capacitors. See Presidio, 702 F.3d at 1360.

1 at 1-2, 119; Doc. No. 306, Trial Tr. Vol. III at 194, 196.) They are sold in the same market
2 and to the same customers and potential customers. (See id.) “Direct competition in the
3 same market is certainly one factor suggesting strongly the potential for irreparable harm
4 without enforcement of the right to exclude.” Presidio, 702 F.3d at 1363. This is because
5 “[w]here two companies are in competition against one another, the patentee suffers the
6 harm—often irreparable—of being forced to compete against products that incorporate and
7 infringe its own patented inventions.” Douglas Dynamics, LLC v. Buyers Products Co.,
8 717 F.3d 1336, 1345 (Fed. Cir. 2013).

9 Further, Presidio has never licensed the ’356 patent to anyone. (Doc. No. 305, Trial
10 Tr. Vol. II at 21-22.) “Presidio’s unwillingness to license favor[s] finding irreparable
11 injury.”¹⁶ Presidio, 702 F.3d at 1363.

12 The jury’s lost profits award also supports a finding of irreparable injury. In finding
13 that Presidio established that it is entitled to lost profit damages, “the jury necessarily found
14 ATC’s [550] capacitor sales caused Presidio to lose BB capacitor sales. This squarely
15 supports a finding of irreparable harm.” Presidio, 702 F.3d at 1363; see Douglas
16 Dynamics, 717 F.3d at 1344 (“Irreparable injury encompasses different types of losses that
17 are often difficult to quantify, including lost sales . . .”). In sum, this evidence is sufficient
18 to demonstrate irreparable injury. See Presidio, 702 F.3d at 1363-64; Douglas Dynamics,
19 717 F.3d at 1344-45.

20 To satisfy the first eBay factor, the patentee must not only demonstrate irreparable
21 injury, but also prove that the harm is caused by the infringement. Apple, 809 F.3d at 639.
22 “This requires proof that a ‘causal nexus relates the alleged harm to the alleged
23

24
25 ¹⁶ ATC argues that Presidio’s failure to license the ’356 patent should be given no weight because
26 the amended claims at issue only came into existence on December 8, 2015 when the reexamination
27 certificate for the ’356 patent issued. (Doc. No. 409-1.) But even if the Court only considers the period
28 from December 8, 2015 to the present, the evidence in the record shows that Presidio consciously
decided not to license the ’356 patent during that period. (Doc. No. 305, Trial Tr. Vol. II at 21-22.)
This decision favors a finding of irreparable injury. See Presidio, 702 F.3d at 1363.

1 infringement.” Id. “[P]roving a causal nexus requires the patentee to show ‘some
2 connection’ between the patented features and the demand for the infringing products.” Id.
3 at 641 (“The district court should have determined whether the record established that [the
4 infringing] feature impacts customers’ purchasing decisions.”). ATC itself contends that
5 customers for broadband capacitors seek bulk capacitance and low insertion loss at high
6 frequencies and those requirements are what drives customers to buy the accused products.
7 (Doc. No. 409-1 at 11; Doc. No. 433 at 11.) Dr. Huebner, testified that although the
8 accused products contain some internal capacitances that help with high frequency
9 performance, the highest frequency performance of the capacitors is achieved by the
10 claimed fringe-effect capacitance.¹⁷ (Doc. No. 306, Trial Tr. Vol. III at 162-63; see also
11 id. at 27-29, 38-53, 57-63; Doc. No. 331, Trial Tr. Vol. V at 222.) This evidence is
12 sufficient to satisfy the nexus requirement. Cf. Apple Inc. v. Samsung Elecs. Co., 735 F.3d
13 1352, 1362 (Fed. Cir. 2013) (characterizing broadband capacitors as “relatively simple
14 products” and noting that the causal nexus requirement is more easily satisfied for “simple”
15 products); see also Broadcom Corp. v. Emulex Corp., 732 F.3d 1325, 1337 (Fed. Cir. 2013)
16 (“As direct competitors in a limited market, [plaintiff]’s harm was clearly linked to
17 [defendant]’s infringement of [plaintiff]’s patent property rights.”).

18 ATC argues that Presidio cannot establish a causal nexus because Presidio’s BB
19 capacitor, which does not practice the invention claimed in the ’356 patent, competes in
20 the same market as ATC’s 550 capacitors. (Doc. No. 409-1 at 14-15.) But the Federal
21 Circuit explained in the prior litigation that “[e]ven without practicing the claimed
22 invention, the patentee can suffer irreparable injury.” Presidio, 702 F.3d at 1363.

24 ¹⁷ The Court rejects ATC’s contention that it established at trial that the high frequency
25 performance of the accused products is derived solely from their internal electrodes. (Doc. No. 409-1 at
26 11-14.) Presidio’s expert, Dr. Huebner, never conceded at trial that the 550 capacitors achieve their high
27 frequency performance solely from their internal electrodes. (See Doc. No. 306, Trial Tr. Vol. III at
28 127, 162-63; Doc. No. 331, Trial Tr. Vol. V at 220-23.) To the contrary, he specifically testified that
although the accused products contain some internal capacitances that help with high frequency
performance, the highest frequency performance of the capacitors is achieved by the claimed fringe-
effect capacitance. (Doc. No. 306, Trial Tr. Vol. III at 162-63.)

1 ATC also argues that Presidio has failed to establish irreparable injury because any
2 harm Presidio has suffered was caused by lawful “design wins” that occurred prior to
3 December 8, 2015. (Doc. No. 409-1 at 15-18.) ATC contends that an injunction cannot
4 be entered on account of otherwise lawful competition. (Id. at 15.) The Court recognizes
5 that under its intervening rights ruling, ATC is not liable for damages for any sales of 550
6 capacitors prior to December 8, 2015. (Doc. No. 234 at 28.) But those sales and the
7 resulting harm caused by the sales became infringing and unlawful on December 8, 2015
8 once the reexamination certificate with the amended claims issued. ATC’s ongoing sales
9 of infringing products, whether resulting from new or historical design wins, result in
10 irreparable harm to Presidio. Further, the Federal Circuit has explained that “[t]he causal
11 nexus requirement ensures that an injunction is only entered against a defendant on account
12 of a harm resulting from the defendant’s wrongful conduct, [and] that an injunction is not
13 entered on account of ‘irreparable harm caused by otherwise lawful competition.’” Apple,
14 809 F.3d at 640. Here, Presidio has satisfied the causal nexus requirement.

15 ATC next argues that Presidio’s nearly five-year delay in filing suit against ATC’s
16 550 capacitors weighs against a finding of irreparable injury. A period of delay is one
17 circumstance that a district court may consider in the context of the totality of the
18 circumstances when evaluating irreparable harm. See Hybritech Inc. v. Abbott Labs., 849
19 F.2d 1446, 1457 (Fed. Cir. 1988); Apple, Inc. v. Samsung Elecs. Co., 678 F.3d 1314, 1325
20 (Fed. Cir. 2012).¹⁸ But “a showing of delay does not preclude, as a matter of law, a
21 determination of irreparable harm.” Hybritech, 849 F.2d at 1457. Further, the Court in the
22 prior litigation entered an amended judgment following the parties’ appeals on September
23 19, 2013, and denied Presidio’s motion for relief from judgment on January 27, 2014.
24 Presidio Components, Inc. v. Am. Tech. Ceramics Corp., No. 08-cv-335-GPC (Doc. Nos.

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27 ¹⁸ The Court notes that these two cases involved a motion for a preliminary injunction, not a
28 motion for a permanent injunction. Cf. Lerner Ger. GmbH v. Lerner Corp., 94 F.3d 1575, 1577 (Fed.
Cir. 1996) (“[Preliminary and permanent injunctions] are distinct forms of equitable relief that have
different prerequisites and serve entirely different purposes.”).

1 480, 490). Presidio filed the present action on September 2, 2014. (Doc. No. 1.) The
2 Court finds that Presidio acted reasonably in waiting for the prior litigation to be fully
3 resolved prior to filing the present lawsuit. See A.C. Aukerman Co. v. R.L. Chaides Const.
4 Co., 960 F.2d 1020, 1033 (Fed. Cir. 1992) (en banc) (listing “other litigation” as a
5 permissible excuse for a delay in filing suit). Accordingly, any delay in filing the present
6 action was reasonable and permissible and does not weigh against a finding of irreparable
7 injury.

8 Finally, ATC argues that Presidio’s inability or refusal to make certain capacitors or
9 sell its capacitors to certain customers also shows a lack of irreparable harm. (Doc. No.
10 409-1 at 19-22.) First, ATC argues that Presidio is not suffering irreparable harm from
11 ATC’s sales of its 550U (100 nF) and 550S (50 volts rating) capacitors because Presidio
12 has no competing product for those specific capacitors and thus could not have made those
13 sales. (Id. at 19-20.) But this argument is inconsistent with the jury’s verdict. In awarding
14 Presidio lost profits damages, the jury necessarily found that Presidio would have made the
15 sales that were made by ATC for all of the accused products. See Rite-Hite, 56 F.3d at
16 1545 (“To recover lost profits damages, the patentee must show a reasonable probability
17 that, ‘but for’ the infringement, it would have made the sales that were made by the
18 infringer.”). The jury’s verdict was not limited to any specific types of accused products.
19 (See Doc. No. 328 at 4.) Second, ATC argues that Presidio is not suffering harm from
20 ATC’s sales of 550 capacitors to certain customers because either Presidio has decided not
21 to do business with those customers or those customers will not buy from Presidio. ATC’s
22 contention that Presidio will not do business with these customers is not supported by the
23 record. The evidence presented at trial shows that Presidio is willing to do business with
24 and sell its capacitors to those specific customers. (Doc. No. 305, Trial Tr. Vol. II at 15-
25 20; Doc. No. 415-3, Devoe Decl. ¶¶ 7-9.) Indeed, the evidence showed that Presidio
26 actively sells its BB capacitors to two of the identified customers. (Doc. No. 305, Trial Tr.
27 Vol. II at 15; Doc. No. 415-3, Devoe Decl. ¶ 9.) Further, the evidence presented by ATC
28 only shows that those two customers have currently decided not to buy Presidio capacitors

1 and are instead buying ATC’s 550 capacitors. (Doc. No. 409-11, Ex. 32; Doc. No. 409-
2 14, Ex. 35; Doc. No. 409-2, Tessaro Decl. ¶¶ 5-6.) The evidence does not show that these
3 customers would still refuse to buy Presidio’s capacitors if the 550 capacitors were
4 removed from the market. Accordingly, ATC has failed to show that Presidio is unable to
5 make sales to those companies.

6 In sum, Presidio has shown that it has suffered irreparable harm that is caused by
7 ATC’s infringement. The Court rejects ATC’s arguments to the contrary. Accordingly,
8 Presidio has satisfied the first eBay factor.

9 B. Inadequate Remedy at Law

10 “The second eBay factor is whether ‘remedies available at law, such as monetary
11 damages, are inadequate to compensate’ for the irreparable harm suffered by the patentee.”
12 Apple, 809 F.3d at 644–45. ATC itself asserts that the accused products operate within a
13 “design win” market. (Doc. No. 409-1 at 6-10.) The Federal Circuit has explained that
14 “the structural nature of a design win market favors a finding that monetary damages are
15 inadequate.” Broadcom Corp. v. Qualcomm Inc., 543 F.3d 683, 703 (Fed. Cir. 2008)
16 (internal quotation marks omitted); see also, e.g., Broadcom, 732 F.3d at 1336, 1338
17 (affirming district court’s finding that “money damages were inadequate to compensate
18 [plaintiff] largely due to incumbency effects from the design-win market conditions”).

19 Presidio’s decision not to license the ’356 patent also supports a finding that
20 monetary damages are inadequate. See Acumed LLC v. Stryker Corp., 551 F.3d 1323,
21 1328 (Fed. Cir. 2008) (finding whether the patentee has licensed the invention relevant to
22 the determination of whether money damages are adequate). Further, this factor favors an
23 injunction where “[t]here is no reason to believe that [the defendant] will stop infringing,
24 or that the irreparable harms resulting from its infringement will otherwise cease, absent
25 an injunction.” Robert Bosch, 659 F.3d at 1155. Presidio has presented the Court with
26 evidence showing that ATC continues to offer the accused products for sale even after the
27 jury’s verdict. (Doc. No. 372-2, Ex. A.) Further, ATC has represented to the Court that it
28 does not intend to discontinue the accused products until an injunction is entered. (Doc.

1 No. 409-1 at 30.) Accordingly, there is no reason to believe that ATC will stop infringing
2 absent an injunction, and Presidio has established that money damages are insufficient to
3 compensate for the irreparable harm it has suffered.

4 C. Balance of Hardships

5 “To satisfy the third eBay factor, the patentee must show that the balance of
6 hardships weighs in its favor.” Apple, 809 F.3d at 645. The balance to be “considered is
7 only between a plaintiff and a defendant.” Acumed LLC v. Stryker Corp., 551 F.3d 1323,
8 1330 (Fed. Cir. 2008).

9 ATC’s infringement harmed Presidio by causing lost sales and by forcing Presidio
10 to compete against its own patented invention, which places a substantial hardship on
11 Presidio. See Apple, 809 F.3d at 646 (“Samsung’s infringement harmed Apple by causing
12 lost market share and lost downstream sales and by forcing Apple to compete against its
13 own patented invention, which ‘places a substantial hardship’ on a patentee, especially here
14 where it is undisputed that it is essentially a two-horse race.”); Robert Bosch, 659 F.3d at
15 1156. ATC argues that it will suffer hardships from a permanent injunction because it has
16 made substantial investments in the development of its 550 series of capacitors, and an
17 abrupt termination of sales would cause it to suffer customer alienation and loss of
18 reputation. (Doc. No. 409-1 at 26-27.) But the Federal Circuit has explained that the
19 consequences of a defendant’s infringement, such as sunk development costs or loss of
20 business, is irrelevant to this factor.¹⁹ See i4i Ltd. P’ship v. Microsoft Corp., 598 F.3d 831,
21 863 (Fed. Cir. 2010); see also Broadcom, 543 F.3d at 704 (“‘[O]ne who elects to build a
22 business on a product found to infringe cannot be heard to complain if an injunction against
23 continuing infringement destroys the business so elected.’”). In addition, the Court further
24 notes that any potential hardship on ATC would be mitigated by the Court’s inclusion of a
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27 ¹⁹ The Court also rejects ATC’s argument that it will suffer hardship because it is difficult for ATC
28 to know how to modify its capacitors to make them non-infringing. (Doc. No. 409-1 at 28-29.) It has
been ATC’s contention throughout this litigation that the 560L capacitor that it already manufactures
and sells does not infringe the ’356 patent. (Doc. No. 202 at 66; Doc. No. 402-1.)

1 90-day sunset provision into the requested injunction. See Broadcom, 543 F.3d at 704
2 (finding that inclusion of a sunset provision can ameliorate the potential hardships of an
3 injunction).

4 “[T]he parties’ sizes, products, and revenue sources” are also relevant factors for
5 balancing the hardships. i4i, 598 F.3d at 862. Presidio asserts that ATC and its parent
6 company AVX have tens of millions of dollars in cash and a total market cap exceeding
7 two billion, while Presidio is a small, family-owned company. (Doc. No. 373-1 at 20
8 (citing Doc. No. 373-15, Ex. N); Doc. No. 415 at 11; see also Doc. No. 414 at 7-8.) ATC
9 does not contest these assertions. Accordingly, this factor weighs in favor of issuing an
10 injunction.

11 D. Public Interest

12 “The fourth eBay factor requires the patentee to show that ‘the public interest would
13 not be disserved by a permanent injunction.’” Apple, 809 F.3d at 646. “[T]he public is
14 best served by enforcing patents that are likely valid and infringed.” Abbott Labs. v. Andrx
15 Pharm., Inc., 452 F.3d 1331, 1348 (Fed. Cir. 2006). “As a result, the public interest nearly
16 always weighs in favor of protecting property rights in the absence of countervailing
17 factors.” Apple, 809 F.3d at 647.

18 ATC argues that the public interest would be disserved by an injunction because the
19 accused products provide unusual societal benefits to critical government, military, space,
20 and infrastructure applications. (Doc. No. 409-1 at 29-30.) ATC argues that enjoining the
21 550 capacitors would cause important government, military, space, and infrastructure
22 projects to suffer. (Id.) The Court rejects ATC’s contention that its products provide
23 unusual societal benefits. Cf. Apple, 809 F.3d at 647 (“[The patentee] does not seek to
24 enjoin the sale of lifesaving drugs.”). The evidence ATC presented in support of this
25 contention only shows that ATC has certain government and infrastructure clients that have
26 purchased 550 capacitors and would prefer to be able to continue to purchase them in the
27 future. (Doc. No. 409-3, Rabe Decl. ¶¶ 10-14; Doc. No. 409-2, Tessaro Decl. ¶¶ 5-6.)
28 ATC and its evidence fails to specifically identify any government, military, space or

1 infrastructure projects that would actually suffer if the 550 capacitors were removed from
2 the market. ATC has not established that these unnamed projects could not continue with
3 the use of other products.²⁰ Further, the Court notes that any potential harm to the public
4 would be mitigated by the inclusion of a 90-day sunset provision into the requested
5 injunction. See Broadcom, 543 F.3d at 704 (“[T]he sunset provisions mitigate the harm to
6 the public.”). Accordingly, this factor favors entry of a permanent injunction.

7 E. Conclusion

8 Weighing the above factors and the equities in this case, the Court, exercising its
9 sound discretion, concludes that a permanent injunction is appropriate. Accordingly, the
10 Court grants Presidio’s motion for a permanent injunction. The Court will enter the
11 permanent injunction in a separate order.

12 i. Presidio’s Proposed Injunction

13 Presidio has submitted a proposed permanent injunction. (Doc. No. 373-16, Ex. O.)
14 In paragraph three of its proposed permanent injunction, Presidio proposes the following
15 language:

16 It is hereby Ordered that ATC and its successors, assigns, officers,
17 agents, servants, employees, and persons in active concert or participation
18 with them, including any parent and subsidiary entities during the period
19 commencing on the date hereof and through the date of expiration of the ‘356
20 patent are hereby enjoined and restrained from infringing Claims 1-5, 16, and
21 18-19 of the ‘356 patent and are further hereby enjoined and restrained from
22 making, using, selling, or offering to sell in the United States, or importing
23 into the United States: the 550L, 550Z, 550S, and 550U capacitors; any other
24 product that is only colorably different from the 550L, 550Z, 550S, and 550U
25 capacitors.

25 ²⁰ The Court finds ATC’s inability to specifically identify any concrete harm that would occur
26 significant in light of the fact that ATC previously discontinued its 545L capacitor after that capacitor
27 was found to infringe the ‘356 patent in the prior litigation. Yet ATC cannot identify any concrete harm
28 that resulted from the discontinuance of that product, particularly in light of counsel’s prior
representations to the Court that the 545L capacitors performed better than the 550 capacitors. (Doc.
No. 211 at 29-30.)

1 (Id.)

2 The Court adopts the majority of the language contained in Presidio’s proposed
3 permanent injunction. The Court rejects Presidio’s inclusion of ATC’s “successors,
4 assigns,” and “parent and subsidiary entities” into the language of the injunction. The
5 Federal Circuit has explained that “Rule 65(d) of the Federal Rules of Civil Procedure
6 specifies the proper form and scope of an injunction issued by a district court.” Int’l
7 Rectifier Corp. v. IXYS Corp., 383 F.3d 1312, 1315 (Fed. Cir. 2004). Rule 65(d)(2)
8 provides: Every order granting an injunction “binds only the following . . . : (A) the parties;
9 (B) the parties’ officers, agents, servants, employees, and attorneys; and (C) other persons
10 who are in active concert or participation with anyone described in Rule 65(d)(2)(A) or
11 (B).” Rule 65(d) does not list successors, assigns, parents, and subsidiaries as those among
12 whom an injunction may be made binding upon. See Eli Lilly & Co. v. Premo Pharm.
13 Labs., Inc., 843 F.2d 1378, 1381 (Fed. Cir. 1988) (“Rule 65(d) . . . does not include
14 successors and assigns as among those whom an injunction is ‘binding only upon.’”).

15 The Court also excludes from the injunction the language stating that ATC is
16 “enjoined and restrained from infringing Claims 1-5, 16, and 18-19 of the ’356 patent.”
17 “In the patent infringement context, [the Federal Circuit] has rejected as overly broad a
18 permanent injunction that simply prohibits future infringement of a patent.” Int’l Rectifier,
19 383 F.3d at 1316. The Federal Circuit has explained that “the only acts the injunction may
20 prohibit are infringement of the patent by the adjudicated devices and infringement by
21 devices not more than colorably different from the adjudicated devices.” Id.; see also, e.g.,
22 Additive Controls & Measurement Sys., Inc. v. Flowdata, Inc., 986 F.2d 476, 479–80 (Fed.
23 Cir. 1993) (rejecting permanent injunction where the order did “not state which acts of
24 [defendant] constitute infringement of the . . . patent” and the order did “not limit its
25 prohibition to the manufacture, use, or sale of the specific infringing device, or to infringing
26 devices no more than colorably different from the infringing device”). In addition, the
27 Court notes that similar modifications were made to Presidio’s proposed permanent
28 injunction in the prior litigation on these same grounds. See Presidio Components, Inc. v.

1 Am. Tech. Ceramics Corp., No. 08-cv-335-GPC (Doc. No. 473 at 17-19).

2 ii. ATC’s Request for a Stay Pending Appeal and a Sunset Provision

3 ATC argues that in the event the Court grants Presidio’s motion for a permanent
4 injunction, the Court should stay the injunction pending an appeal and provide a one-year
5 sunset provision in the injunction. (Doc. No. 409-1 at 31.) In deciding whether to grant a
6 stay pending appeal, the Court “assesses the movant’s chances of success on the merits and
7 weighs the equities as they affect the parties and the public.” E.I. du Pont de Nemours &
8 Co. v. Phillips Petroleum Co., 835 F.2d 277, 278 (Fed. Cir. 1987); accord Standard Havens
9 Prods. v. Gencor Indus., 897 F.2d 511 (Fed. Cir. 1990). Exercising its sound discretion,
10 the Court declines to stay the injunction pending appeal. Based on the Court’s review of
11 the record and the totality of the circumstances in this case, the Court concludes that ATC
12 has failed to demonstrate a likelihood of success on appeal. Indeed, in its request, ATC
13 fails to even address this factor. Further, the Court concludes that the equities do not weigh
14 in favor of granting a stay.

15 Exercising its sound discretion, the Court declines to include the requested one-year
16 sunset provision into the permanent injunction, but will include a 90-day sunset provision.
17 ATC has had ample time and notice to prepare for the possibility that this Court would
18 enter a permanent injunction in this action. A permanent injunction was entered in the
19 prior litigation. Presidio Components, Inc. v. Am. Tech. Ceramics Corp., No. 08-cv-335-
20 GPC (Doc. No. 473 at 19); see also Presidio, 702 F.3d at 1362-63. The jury rendered its
21 infringement verdict and awarded Presidio lost profit damages on April 18, 2016 – several
22 months ago. (Doc. No. 328.) The Court issued its memorandum decision rejecting ATC’s
23 invalidity and equitable defenses on June 17, 2016 – two months ago. (Doc. No. 368.) The
24 Court concludes that under the totality of the circumstances a one-year sunset provision is
25 unnecessary and, instead, a 90-day sunset provision is appropriate.²¹ Accordingly, the

27 ²¹ At the hearing, Presidio stated that it would not object to the inclusion of a 90-day sunset
28 provision into the permanent injunction.

1 Court includes a 90-day sunset provision into its permanent injunction.

2 **IV. Presidio’s Motion for Enhanced Damages**

3 Presidio moves for an award of enhanced damages pursuant to 28 U.S.C. § 284.
4 (Doc. No. 377-1 at 3-24.) Section 284 provides that a court “may increase the damages up
5 to three times the amount found or assessed.” 35 U.S.C. § 284. In Halo Elecs., Inc. v.
6 Pulse Elecs., Inc., the Supreme Court held that “[s]ection 284 gives district courts the
7 discretion to award enhanced damages against those guilty of patent infringement.”²² 136
8 S. Ct. at 1935. But the Supreme Court further explained that although “[d]istrict courts
9 enjoy discretion in deciding whether to award enhanced damages, and in what amount”,
10 that discretion is not without limits. Id. at 1932.

11 Enhanced damages are generally appropriate under § 284 only in “egregious cases”
12 of misconduct beyond typical infringement and should not be awarded in “garden-variety
13 cases.” Id. at 1932, 1934-35. “The sort of conduct warranting enhanced damages has been
14 variously described . . . as willful, wanton, malicious, bad-faith, deliberate, consciously
15 wrongful, flagrant, or – indeed – characteristic of a pirate.” Id. at 1932. The culpability of
16 the infringer should be “measured against the knowledge of the actor at the time of the
17 challenged conduct.” Id. at 1933. In determining whether enhanced damages are
18 appropriate, “courts should . . . take into account the particular circumstances of each case.”
19 Id.; see also id. at 1935 (“In applying this discretion, district courts are ‘to be guided by
20 [the] sound legal principles’ developed over nearly two centuries of application and
21 interpretation of the Patent Act.”).

22 In Halo, the Supreme Court also explained that entitlement to enhanced damages
23 need only be proven by a preponderance of the evidence. Id. at 1934. And a district court’s
24 determination of whether to award enhanced damages is reviewed for abuse of discretion
25

26 ²² In Halo, the Supreme Court rejected the Federal Circuit’s Seagate test for determining whether
27 enhanced damages are appropriate as “unduly rigid,” as “it impermissibly encumbers [section 284’s]
28 grant of discretion to district courts.” 136 S. Ct. at 1932; see also id. at 1933-34 (“Section 284 permits
district courts to exercise their discretion in a manner free from the inelastic constraints of the Seagate
test.”).

1 on appeal. Id.

2 After reviewing the particular circumstances in this case, including the record and
3 the parties' arguments, the Court, exercising its sound discretion, declines to award
4 Presidio enhanced damages. The Court begins by noting that the jury found that ATC
5 willfully infringed the '356 patent, (Doc. No. 328 at 4), and the Court has denied ATC's
6 post-trial motion challenging the jury's willfulness finding. See supra. But both the
7 Supreme Court in Halo and the Federal Circuit in WBIP have held an award of enhanced
8 damages need not follow a finding of willful infringement. See Halo, 136 S. Ct. at 1933
9 (“[N]one of this is to say that enhanced damages must follow a finding of egregious
10 misconduct.”); WBIP, 2016 WL 3902668, at *15 n.13 (“[T]his is not to say that a jury
11 verdict of willful infringement ought to result in enhanced damages.”). Thus, the Court
12 may still exercise its discretion and decline to award enhanced damages based on the
13 particular circumstances in this case even though there has been a finding of willful
14 infringement.²³ See id.; see, e.g., Trustees of Boston Univ. v. Everlight Elecs. Co., No. 12-
15 11935-PBS, 2016 WL 3976617, at *3 (D. Mass. July 22, 2016) (finding, in its discretion,
16 that the case did not warrant an award of enhanced damages even though the jury found
17 willful infringement).

18 Here, the unique circumstances of this case do not warrant an award of enhanced
19 damages. At the summary judgment stage, the Court granted ATC's motion for summary
20 judgment in its favor on its defense of absolute intervening rights. (Doc. No. 234.) In that
21

22
23 ²³ Presidio argues that a jury's finding of willful infringement creates a presumption in favor of an
24 award of enhanced damages. The Court rejects Presidio's contention. First, Halo itself contains no
25 mention of a presumption in favor of enhanced damages upon a finding of willful infringement. Second,
26 and more importantly, the case Presidio cites in support of its argument does not mention a presumption
27 in favor of enhanced damages upon a finding of willful infringement. (See Doc. No. 377-1 at 5 (citing
28 Jurgens v. CBK, Ltd., 80 F.3d 1566, 1572 (Fed. Cir. 1996)).) The Federal Circuit's decision in Jurgens
never refers to a presumption in favor of an award of enhanced damages. The Jurgens court only held
that “[u]pon a finding of willful infringement, a trial court should provide reasons for not increasing a
damages award or for not finding a case exceptional for the purpose of awarding attorneys fees.” 80
F.3d at 1572. Thus, even assuming the Jurgens standard still applies post-Halo, this Court's decision
complies with Jurgens as the Court provides its reasoning for not awarding enhanced damages.

1 order, the Court held that due to Presidio narrowing the asserted claims during
2 reexamination proceedings, Presidio is only entitled to infringement damages for the time
3 period following the issuance of the December 8, 2015 reexamination certificate. (Id. at
4 28.) Thus, the period of infringement in the present case began on December 8, 2015.

5 This fact is important to the Court’s analysis because, in Halo, the Supreme Court
6 explained that an infringer’s culpability should be measured at the time of the challenged
7 conduct. 136 S. Ct. at 1933; see also WBIP, 2016 WL 3902668, at *15 (“[A]s the Supreme
8 Court explained in Halo, timing does matter.”). ATC began selling the accused products
9 in January 2010. Under the Court’s intervening rights ruling, ATC is not liable for any
10 sales of 550 capacitors that occurred prior to December 8, 2015. Therefore, at the time
11 infringement of the asserted claims began on December 8, 2015, ATC had already been
12 permissibly selling the accused products without being subject to damages liability for
13 almost six years. Moreover, at the time infringement began, Presidio and ATC were well
14 into the present litigation. Specifically, by December 8, 2015, ATC had received the
15 Court’s claim construction order, developed noninfringement and invalidity theories that
16 were supported by expert reports, and filed motions for summary judgment on several
17 issues. (Doc. No. 149.) By December 8, 2015, ATC had also just succeeded in causing
18 Presidio to substantively narrow the scope of the asserted claims in reexamination
19 proceedings that ATC instituted. Thus, under the unique circumstances of the present case,
20 the Court declines to find that the willful infringement that occurred in the case after
21 December 8, 2015 constitutes an “egregious” case of misconduct warranting an award of
22 enhanced damages. Rather, the present action was a “garden-variety” hard-fought patent
23 infringement action between two competitors.

24 Moreover, the Court notes that Presidio’s invalidity defense at trial, although
25 ultimately rejected by the Court, was not meritless. The Court also notes that there was no
26 evidence of bad faith or litigation misconduct by ATC in this action. Accordingly, the
27 Court, exercising its sound discretion, declines to award enhanced damages. The Court
28 denies Presidio’s motion for enhanced damages.

1 **V. Presidio’s Motion for Attorney’s Fees**

2 Presidio also moves for attorney’s fees pursuant to 35 U.S.C. § 285. (Doc. No.377-
3 1 at 25-30.) “Section 285 of the Patent Act authorizes a district court to award attorney’s
4 fees in patent litigation.” Octane Fitness, LLC v. ICON Health & Fitness, Inc., 134 S. Ct.
5 1749, 1752 (2014). Section 285 provides: “The court in exceptional cases may award
6 reasonable attorney fees to the prevailing party.” 35 U.S.C. § 285. “When deciding
7 whether to award attorney fees under § 285, a district court engages in a two-step inquiry.”
8 MarcTec, LLC v. Johnson & Johnson, 664 F.3d 907, 915 (Fed. Cir. 2012). The court first
9 determines whether the prevailing party has proven that the case is “exceptional,” and, if
10 so, the court then determines whether an award of attorney’s fees is justified. Id. at 1915-
11 16.

12 The Supreme Court has held that “an ‘exceptional’ case is simply one that stands out
13 from others with respect to the substantive strength of a party’s litigating position
14 (considering both the governing law and the facts of the case) or the unreasonable manner
15 in which the case was litigated.” Octane Fitness, 134 S. Ct. at 1756 (stating that
16 “exceptional” means “‘uncommon,’ ‘rare,’ or ‘not ordinary’”). “District courts may
17 determine whether a case is ‘exceptional’ in the case-by-case exercise of their discretion,
18 considering the totality of the circumstances.” Id. In determining whether to award fees,
19 district courts may consider a nonexclusive list of factors, including “‘frivolousness,
20 motivation, objective unreasonableness (both in the factual and legal components of the
21 case) and the need in particular circumstances to advance considerations of compensation
22 and deterrence.’” Id. at 1756 n.6. “[A] case presenting either subjective bad faith or
23 exceptionally meritless claims may sufficiently set itself apart from mine-run cases to
24 warrant a fee award.” Id. at 1757. There is no precise rule or formula for determining
25 whether to award attorney’s fees, but instead equitable discretion should be exercised in
26 light of the above considerations. Id. at 1756.

27 Entitlement to fees under § 285 must be shown by a preponderance of the evidence.
28 See Octane Fitness, 134 S. Ct. at 1758. A district court’s determination of whether to award

1 attorney's fees under 35 U.S.C. § 285 is reviewed for abuse of discretion. Highmark Inc.
2 v. Allcare Health Mgmt. Sys., 134 S. Ct. 1744, 1749 (2014) (“[T]he determination of
3 whether a case is ‘exceptional’ under § 285 is a matter of discretion.”).

4 After reviewing the totality of the circumstances including the record in this action
5 and the parties' arguments, the Court declines to find that the present case is “exceptional”
6 and declines to award Presidio attorney's fees. In the present action, Presidio accused
7 ATC's 550 capacitors of infringing the '356 patent, asserting a period of infringement
8 beginning in January 2010 when Presidio began selling the accused products. (Doc. No.
9 285-1, Thomas Expert Report at 14, 28-31.) Based on this asserted period of infringement,
10 Presidio initially sought over \$16 million in lost profit damages for the period of first
11 quarter of 2010 through September 13, 2015. (Id.) At the summary judgment stage, ATC
12 successfully obtained summary judgment in its favor on its affirmative defense of absolute
13 intervening rights based on Presidio's narrowing of the scope of the asserted claims during
14 ex parte reexamination proceedings that were instituted by ATC. (Doc. No. 234.) Because
15 of this substantive change to the scope the asserted claims, the Court held that Presidio is
16 only entitled to infringement damages in this case for the time period following the
17 issuance of the December 8, 2015 reexamination certificate. (Id. at 28.) Thus, although
18 Presidio ultimately prevailed at trial on the issues of infringement, willful infringement,
19 and validity of the '356 patent and was awarded over \$2 million in lost profits damages,
20 prior to the trial, ATC prevailed on its absolute intervening rights defense, thereby
21 substantially limiting the period of infringement at issue in the case and the damages
22 Presidio could seek. Thus, the present case was not a one-sided victory by Presidio.

23 Moreover, the Court notes that Presidio's invalidity defense at trial, although
24 ultimately rejected by the Court, was not meritless. The Court also notes that there was no
25 evidence of bad faith or litigation misconduct by ATC in this action. The present action
26 was a garden-variety hard-fought patent infringement action between two competitors.
27 Accordingly, the Court, exercising its sound discretion, declines to find the present case
28 “exceptional” and declines to award Presidio attorney's fees. The Court denies Presidio's

1 motion for attorney’s fees.

2 **VI. Presidio’s Motion for Supplemental Damages**

3 Presidio moves for an award of supplemental damages for any sales of accused
4 products occurring on and after February 21, 2016 – the date on which ATC last provided
5 sales information for the accused products. (Doc. No. 372-1 at 1-3.) Specifically, Presidio
6 requests (1) that the Court order ATC to account for all 550 capacitor sales made
7 subsequent to the latest sales data ATC provided and that was utilized at trial, and (2) that
8 the Court award it supplement damages on those as yet unaccounted for sales at the lost
9 profits rate adopted by the jury – \$1.58 per unit.²⁴ (Id. at 2.)

10 28 U.S.C. § 284 provides: “Upon finding for the claimant the court shall award the
11 claimant damages adequate to compensate for the infringement, but in no event less than a
12 reasonable royalty for the use made of the invention by the infringer, together with interest
13 and costs as fixed by the court. When the damages are not found by a jury, the court shall
14 assess them.” The Federal Circuit has explained that a patentee is not fully compensated
15 if the damages award does not include future lost sales. Finjan, Inc. v. Secure Computing
16 Corp., 626 F.3d 1197, 1213 (Fed. Cir. 2010); see also Fresenius USA, Inc. v. Baxter Int’l,
17 Inc., 582 F.3d 1288, 1303 (Fed. Cir. 2009) (“A damages award for pre-verdict sales of the
18 infringing product does not fully compensate the patentee because it fails to account for
19 post-verdict sales of repair parts.”). Therefore, a district court should award compensation
20 for any infringing sales not assessed by the jury. See Finjan, 626 F.3d at 1213; Apple, Inc.
21 v. Samsung Elecs. Co., 67 F. Supp. 3d 1100, 1117-18 (N.D. Cal. 2014), aff’d, 816 F.3d
22 788 (Fed. Cir. 2016). In addition, “[c]ourts routinely grant motions for a further accounting
23 where the jury did not consider certain periods of infringing activity post-verdict.” Metso
24 Minerals, Inc. v. Powerscreen Int’l Distribution Ltd., 833 F. Supp. 2d 333, 347 (E.D.N.Y.
25 2011); accord Apple, 67 F. Supp. 3d at 1118. “Courts have [also] applied this reasoning
26

27 ²⁴ Presidio asserts that the jury awarded Presidio lost profits damages in the amount of \$2,166,654
28 based on ATC’s sale of 1,371,300 units. (Doc. No. 372-1 at 2 (citing Doc. No. 328 at 4).) \$2,166,654
divided by 1,371,300 units equals \$1.58 per unit.

1 to the situation in which an infringer provides sales data that does not cover all sales made
2 prior to trial.” Sealant Sys. Int’l, Inc. v. TEK Glob. S.R.L., No. 5:11-CV-00774-PSG, 2014
3 WL 1008183, at *5 (N.D. Cal. Mar. 7, 2014). An award of supplemental damages should
4 be calculated consistent with the damages awarded in the jury’s verdict. ActiveVideo
5 Networks, Inc. v. Verizon Commc’ns, Inc., No. 2:10CV248, 2011 WL 4899922, at *2
6 (E.D. Va. Oct. 14, 2011); see, e.g., Sealant Sys., 2014 WL 1008183, at *5; Mondis Tech.
7 Ltd. v. Chimei InnoLux Corp., 822 F. Supp. 2d 639, 643 (E.D. Tex. 2011).

8 Presidio has presented the Court with evidence showing that ATC continues to offer
9 the accused products for sale even after the jury’s verdict. (Doc. No. 372-2, Ex. A.)
10 Further, ATC has represented to the Court that it does not intend to discontinue the accused
11 products until an injunction is entered. (Doc. No. 409-1 at 30.) Accordingly, Presidio is
12 entitled to an accounting of and supplemental damages on any sales of infringing products
13 not assessed by the jury. See Finjan, 626 F.3d at 1213; Apple, 67 F. Supp. 3d at 1117-18;
14 Sealant Sys., 2014 WL 1008183, at *5.

15 In response, ATC does not dispute Presidio’s contention that it is entitled to
16 supplemental damages for sales of accused products made on or after February 21, 2016 at
17 a rate of \$1.58 per unit. Rather, ATC only argues that Presidio’s motion is premature
18 because ATC’s motions for judgment as a matter of law are still pending. (Doc. No. 409-
19 24 at 11.) The Court rejects this argument. ATC fails to explain why the Court cannot
20 concurrently rule on both ATC’s post-trial motions and Presidio’s motion for supplemental
21 damages. Moreover, the Court has ruled on and denied ATC’s post-trial motions, and,
22 therefore, the motions are no longer pending. See supra. Accordingly, the Court grants
23 Presidio’s motion for supplemental damages. The Court orders ATC to account for all 550
24 capacitor sales made subsequent to the latest sales data it provided to Presidio and that was
25 utilized at trial and prior to the entry of the Court’s permanent injunction. Further, the
26 Court awards Presidio supplemental damages on those as yet unaccounted for sales at the
27 rate of \$1.58 per unit.

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1 **VII. Presidio’s Motion for Interest**

2 A. Prejudgment Interest

3 Presidio moves for an award of prejudgment interest on its damages award. (Doc.
4 No. 372-1 at 3-6.) Specifically, Presidio requests a prejudgment interest rate of 7 percent.
5 (Id. at 4.) 28 U.S.C. § 284 provides: “the court shall award the claimant damages adequate
6 to compensate for the infringement . . . together with interest and costs as fixed by the
7 court.” The Supreme Court has interpreted section 284 to require that “prejudgment
8 interest should ordinarily be awarded absent some justification for withholding such an
9 award[.]” Gen. Motors Corp. v. Devex Corp., 461 U.S. 648, 657 (1983); see also
10 Sensonics, Inc. v. Aerosonic Corp., 81 F.3d 1566, 1574 (Fed. Cir. 1996) (“[P]rejudgment
11 interest is the rule, not the exception.”). The purpose of prejudgment interest is to
12 “compensate[] the patent owner for the use of its money between the date of injury and the
13 date of judgment.” Oiness v. Walgreen Co., 88 F.3d 1025, 1033 (Fed. Cir. 1996).
14 “Generally, prejudgment interest should be awarded from the date of infringement to the
15 date of judgment.” Nickson Indus., Inc. v. Rol Mfg. Co., 847 F.2d 795, 800 (Fed. Cir.
16 1988).

17 In response, ATC argues that the Court should deny Presidio’s request for
18 prejudgment interest based on Presidio’s undue delay in filing the present action. (Doc.
19 No. 409-24 at 2-7.) The Court rejects ATC’s contention. “District courts have discretion
20 to limit prejudgment interest where, for example, the patent owner has caused undue delay
21 in the lawsuit, but there must be justification bearing a relationship to the award.” Nickson,
22 847 F.2d at 800 (citations omitted); see Gen. Motors Corp., 461 U.S. at 657 (“[I]t may be
23 appropriate to limit prejudgment interest, or perhaps even deny it altogether, where the
24 patent owner has been responsible for undue delay in prosecuting the lawsuit.”). But here
25 there was no undue delay in filing the action. Presidio filed the present action on September
26 2, 2014. (Doc. No. 1.) In granting ATC’s motion for summary judgment of its affirmative
27 defense of absolute intervening rights, the Court held that Presidio is entitled to
28 infringement damages only for the time period following the issuance of the December 8,

1 2015 reexamination certificate. (Doc. No. 234 at 28.) Thus, Presidio initiated the present
2 action prior to the entire period of infringement at issue in this case. Indeed, Presidio is
3 only seeking prejudgment interest from December 8, 2015 through June 17, 2016. (Doc.
4 No. 412 at 3.) Moreover, even if the Court were to consider the relevant period to have
5 begun in 2010 when ATC began selling the accused products, the Court finds that Presidio
6 acted reasonably in waiting for the prior litigation to be fully resolved prior to filing the
7 present lawsuit. See A.C. Aukerman, 960 F.2d at 1033 (listing “other litigation” as a
8 permissible excuse for a delay in filing suit).

9 ATC also argues that if the Court awards prejudgment interest, it should be at the
10 three-month U.S. Treasury Bill rate. The Court agrees with ATC on this point. “A trial
11 court is afforded wide latitude in the selection of interest rates” for prejudgment interest.
12 Uniroyal, Inc. v. Rudkin-Wiley Corp., 939 F.2d 1540, 1545 (Fed. Cir. 1991); accord Bio-
13 Rad Labs., Inc. v. Nicolet Instrument Corp., 807 F.2d 964, 969 (Fed. Cir. 1986). “Courts
14 may use the prime rate, the prime rate plus a percentage, the U.S. Treasury Bill rate, state
15 statutory rate, corporate bond rate, or whatever rate the court deems appropriate.” Apple,
16 67 F. Supp. 3d at 1121 (N.D. Cal. 2014); see also ActiveVideo Networks, Inc. v. Verizon
17 Commc’ns, Inc., No. 2:10-CV-248, 2011 WL 4899922, at *3 (E.D. Va. Oct. 14, 2011)
18 (“[W]hile courts have selected different rates, courts most often award either the prime rate
19 or the U.S. Treasury rate.”). In patent cases, courts typically only award prejudgment
20 interest at the prime rate or higher where there is evidence that the patent owner would
21 have been spared from borrowing money at the prime rate during the infringement period
22 had the infringer been paying royalties. See Finjan, Inc. v. Blue Coat Sys., Inc., No. 13-
23 CV-03999-BLF, 2016 WL 3880774, at *18 (N.D. Cal. July 18, 2016); Apple, 67 F. Supp.
24 3d at 1121-22; Mars, Inc. v. Coin Acceptors, Inc., 513 F. Supp. 2d 128, 133 (D. N.J. May
25 22, 2007). Here, Presidio has not put forth any evidence showing that it borrowed any
26 money during the infringement period at the prime rate or higher. Accordingly, the Court
27 concludes that the appropriate rate is the U.S. Treasury Bill rate. See, e.g., Laitram Corp.
28 v. NEC Corp., 115 F.3d 947, 955 (Fed. Cir. 1997) (finding no abuse of discretion where

1 “the district court, in exercises of its discretion, awarded prejudgment interest and set the
2 rate at the U.S. Treasury bill rate, compounded annually”); see also Apple, 67 F. Supp. 3d
3 at 1122 (“The Treasury Bill rate has been accepted and employed by many courts in patent
4 cases as a reasonable method of placing a patent owner in a position equivalent to where it
5 would have been had there been no infringement.”). Accordingly, the Court grants
6 Presidio’s motion and awards Presidio prejudgment interest at the 3-month U.S. Treasury
7 Bill rate, compounded monthly.²⁵

8 B. Postjudgment Interest

9 Presidio also moves for an award of postjudgment interest pursuant to 28 U.S.C. §
10 1961. (Doc. No. 372-1 at 6-7.) An “award of postjudgment interest is governed by 28
11 U.S.C. § 1961.” Tinsley v. Sea-Land Corp., 979 F.2d 1382, 1383 (9th Cir. 1992). Section
12 1961 provides “[i]nterest shall be allowed on any money judgment in a civil case recovered
13 in a district court” and “shall be calculated from the date of the entry of the judgment.”
14 “Under the provisions of 28 U.S.C. § 1961, postjudgment interest on a district court
15 judgment is mandatory.” Air Separation, Inc. v. Underwriters at Lloyd’s of London, 45
16 F.3d 288, 290 (9th Cir. 1995).

17 ATC concedes that Presidio is entitled to postjudgment interest at the rate provided
18 in 28 U.S.C. § 1961(a) from the date of the entry of judgment, June 17, 2016. (Doc. No.
19 409-24 at 11.) Accordingly, the Court grants Presidio’s motion and awards Presidio
20 postjudgment interest pursuant to 28 U.S.C. § 1961 at the statutory rate from the date of
21 the entry of judgment, June 17, 2016.

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25 ²⁵ Whether the prejudgment interest “should be compounded or uncompounded [is] left largely to
26 the discretion of the district court.” Bio-Rad Labs., 807 F.2d at 969. “Courts ‘have recognized that
27 compounding is necessary to fully compensate the patentee.’” Apple, 67 F. Supp. 3d at 1122; see also
28 Finjan, 2016 WL 3880774, at *18 (“[M]ost [courts] apply some form of compounding.”). The Court,
exercising its discretion, agrees with Presidio that the prejudgment interest should be compounded
monthly. See, e.g., Stryker Corp. v. Zimmer Inc., No. 1:10-CV-1223, 2013 WL 6231533, at *30 (W.D.
Mich. Aug. 7, 2013).

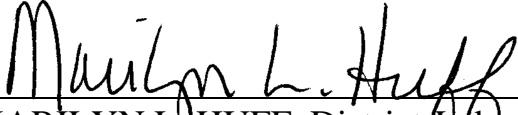
1 Conclusion

2 For the reasons above, the Court:

- 3 1. Denies ATC's Rule 50(b) motions for judgment as matter of law and Rule 59(e)
4 motions for new trial;
- 5 2. Grants Presidio's motion for a permanent injunction;
- 6 3. Denies Presidio's motion for enhanced damages and attorney's fees; and
- 7 4. Grants Presidio's motion for an award of supplemental damages and interest.

8 **IT IS SO ORDERED.**

9 DATED: August 17, 2016

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12 MARILYN L. HUFF, District Judge
13 UNITED STATES DISTRICT COURT
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